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DOW THEORY COMMENT

In response to numerous inquiries, we wish to announce that the publication of the series of "Dow Theory Comment" letters is being continued with the same objectives as in the past.

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THE BUSINESS OUTLOOK

There is very little change in the level of business activity, allowing for seasonal influences. Secretary Hopkins's recent analysis of the outlook displays considerable worry over the danger of over-production or lack of "a correspondingly high rate of utilization" of durable goods. Going down the list of durable goods industries item by item, however, it is difficult to discover specific instances of production in excess of immediate needs.

SECRETARY of Commerce Hopkins said that the recent high rate of activity has created additional consumer purchasing power and that the capital expenditures initiated during recent months have been a constructive development. He said, however, that there has been some accumulation of inventories and that our rate of production of economic goods is not balanced by a correspondingly high rate of utilization of these goods.

Secretary of Agriculture Wallace is known to hold a more orthodox view of the problems of industry, however unorthodox his view of the problems of agriculture. He feels that the main cause of unemployment is inactivity in the durable goods industries, and that there are two subdivisions of the durable goods industries which need stimulation, housing and new industrial plants.

During the September-October boom in new orders, there was some increase in residential construction contracts awarded, and a considerable increase in contracts awarded for new factories. There were marked increases in commitments for certain types of durable goods in which there had been cumulative deficiencies, such as railroad equipment. Since the buying movement in railroad equipment is apparently over, we can summarize on a long-range (annual) basis (Table I).

Though most of the railroad equipment buying in 1939 was concentrated in September, October and November, the annual tonnage of rails ordered was the second highest since 1929, and the number of freight cars ordered was also the second highest. At the end of November, unfilled orders for freight cars were the highest since August, 1937. The construct-

tion of cars and locomotives and the rolling of rails will provide an important source of industrial activity in the first quarter of 1940.

Secretary Hopkins's remark that the rate of production is not balanced by a correspondingly high rate of utilization does not apply to railroad equipment. Freight traffic has held up well. In the first half of October the overall surplus of available freight cars got down to 64,299 cars on an average daily basis; there were actual though temporary shortages of certain types of rolling stock.

The increased traffic has put the railroads in a better position financially. Net income after charges of Class I roads in October, on a seasonally adjusted basis, was practically as high as at the late 1936 peak, which could not be maintained despite continued heavy traffic because of a sharp reduction in revenue per ton-mile following the suspension of emergency surcharges. At present the threat of a reduction in revenue per ton-mile is absent, so that, so far as can be seen, net income promises to hold at or about the present peak longer than it did at the similar 1936 peak.

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	Rails (M Tons.)	Freight Cars.	Loco- motives.
1926	1,511	67,029	1,301
1927	1,597	72,006	734
1928	1,244	51,200	603
1929	1,613	111,218	1,212
1930	908	46,360	440
1931	695	10,880	176
1932	185	1,968	12
1933	324	1,685	42
1934	561	24,611	183
1935	507	18,699	87
1936	1,395	67,544	533
1937	262	52,738	368
1938	349	16,539	228
1939	1,294	53,180	302

Source: Railway Age.

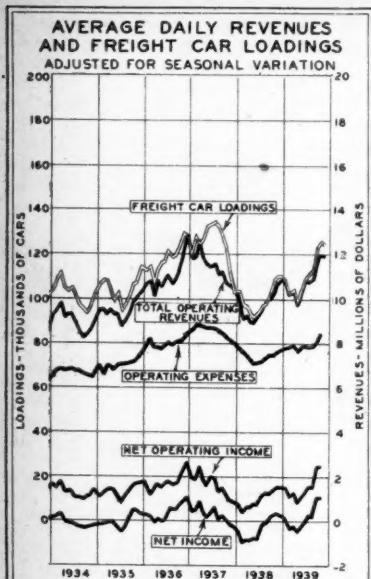
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strap Molasses case, which The Railway Age says "may prove to be a landmark in the effort being made to bring transportation out of an era of chaos and waste into a regime of reason and economy. This decision does not mean the mere winning for the railroads of a few thousand tons of traffic from a competitor. Indeed, the decision may not even give the business to the railroads, because the minimum rate set by the commission is one cent higher than the railroads asked for. But Chairman Eastman said in his concurring opinion: 'I believe there are other situations where the economy of volume shipments, particularly if they are expanded to train-load dimensions, would be greater than that which the record indicates will be realized in this case.'"

It is significant that just at a time when one of our comparatively new regulatory bodies, the Federal Trade Commission, is bent on discouraging quantity production and distribution through enforcement of the Robinson-Patman act, one of the oldest regulatory bodies, the Interstate Commerce Commission, is seeing the wisdom of encouraging cost-reduction by permitting the railroads to charge lower rates for quantity shipments.

The Railway Age editorially states this another way by pointing out that to encourage reductions in transportation costs by this method is to assure the following benefits to the national income:

1. Shippers will save the difference between the present costs of barge movement and lower rates by rail ***.

2. Taxpayers will save in the huge sums they are paying for construction and maintenance of inland waterways—almost the sole result of which is to provide extremely low transportation to large-quantity shippers.

3. Taxpayers will benefit [because] transportation will be diverted from an agency which yields no tax revenues to one which does.

4. Unit costs of movement by railway will be decreased as railway traffic increases ***.

5. *** basing competitive rates on cost will give all carriers [an incentive] to keep down their costs, spurring them constantly on to the devising of new methods and equipment ***.

In the electrical equipment field it is equally difficult to understand Secretary Hopkins's contention that the rate of production is not balanced by an equally high rate of utilization. It would be true only of Federal power projects, many of which are located so far from centers of existing industrial activity that it will be years, perhaps decades, before they are fully utilized. The Federal Power Commission and the Federal Power Policy Committee have been contending that there is over-utilization of existing privately owned generating and distributing equipment, this having been the basis for the assertion that if private investors do not supply the



Dec. 31	Freight Car Loadings			Steel Mill Activity	Electric Power Prod.	Auto Prod.	Lumber Prod.	Cotton Mill Activity	Comb. Business Price Index	Cyclical Price Index
1938.	Misc. Other. Total.			80.3	101.1	86.5	80.1	97.4	93.1	86.0
1939.				80.3	101.1	86.5	80.1	97.4	93.1	86.0
Nov. 11.....	96.3 109.7 100.3			142.0	103.8	94.0	91.2	135.2	107.2	82.6
Nov. 18.....	92.1 104.3 95.7			145.7	102.5	87.5	97.5	136.6	105.9	81.3
Nov. 25.....	87.1 96.9 90.0			146.8	105.4	87.4	88.6	143.8	105.8	81.0
Dec. 2.....	92.1 98.9 94.0			145.7	103.5	88.2	93.1	140.2	106.0	80.5
Dec. 9.....	90.1 95.8 91.8			141.0	105.0	106.7	94.3	147.3	106.6	81.5
Dec. 16.....	92.8 96.7 103.4			137.4	104.4	110.6	92.6	145.1	106.4	82.0
Dec. 23.....	... 93.4 133.3			104.9	115.7	...	...	...	106.3	83.1
Dec. 30.....	... 139.0			...	...	...	...	...	...	83.5

*Estimated. †Revised. §Computed as of each Wednesday.

funds needed for utility expansion the Federal Government will have to step in and do the job. Did Secretary Hopkins mean to contradict the Federal Power Commission and the Federal Power Policy Committee?

Orders received for electric motors and generators, based on data compiled by the National Electrical Manufacturers Association, were the highest, in October, on a seasonally adjusted basis, since April, 1937. Approximately similar showings

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For actual markets in unlisted securities, with names of dealers, giving bid and asked prices, see Open Market Section, Page 856

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are made by orders received for transmission and distribution equipment and for what the electrical industry calls industrial materials. The electrical equipment industry is now busily at work filling these orders. But unless something occurs to bring about a terrible slump in business it is just as silly to say that they will not find utilization when completed as it is to say that there is immediate danger of a general power shortage.

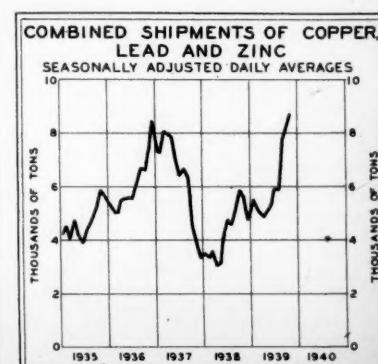
But perhaps Secretary Hopkins refers to durable goods of a different type—consumers' durable goods; automobiles, for example. Are automobiles being over-produced? According to all accounts dealers are still complaining about inability to get prompt deliveries. Sales of at least one large-volume producer (Chevrolet) which last year had begun to decrease by this time, continued to expand in the first ten days of December. Employment in motor accessory centers, such as Toledo, is well maintained.

It is possible, of course, that the raw materials of durable goods, such as steel, copper, lead and zinc, are not going into consumption rapidly enough to prevent some accumulation of stocks. This accumulation, however, would necessarily be in consumers' (fabricators') hands because all available statistics on metal stocks show continued and rapid declines. Producers' domestic shipments of refined copper, slab zinc and lead combined, as shown by one of the charts herewith, reached an exceptionally high level in November.

There is a remarkable similarity between the curve of combined non-ferrous metal shipments and the curve of manufacturers' new orders which appeared in THE ANNALIST of Dec. 21. The chief point of difference is that non-ferrous metal shipments reached higher peak in 1939 than in 1936, which is just the reverse of the orders index. This would tend to confirm the impression that the present spurt in business is based to a greater extent on revival in the heavy industries than the 1936-37 spurt. If that is correct there is less danger that the present lull in new business presages a repetition in 1940 of the late 1937 slump in general business activity.

Much will depend upon the course of legislation in the third session, particularly tax legislation. It is to be doubted whether industry fears heavier taxes as such, though the effect of all taxes is to depress business. It is the absence of any plan to keep the necessity for heavier taxes within reasonable bounds, plus the enactment of specific taxes bearing heavily on consumption, such as processing taxes, plus the enactment of taxes encouraging unsound financial practices, such as the undistributed profits tax, which in the past has had the most depressing effect on business.

D. W. ELLSWORTH.



DEC 28

Statistics Disprove Assertion That Giant Companies Squeeze Out Small Rivals

ABELIEF that giant corporations are gradually squeezing out their smaller competitors through superior earning power is one of the tenets of left-wing critics of American capitalism and causes concern among many of its adherents as well. A natural place to look for evidence of such a trend is the corporation income tax returns, as summarized in Statistics of Income. Students of this source have found that the largest corporations lost money less often in the depression, but not that they have steadily encroached on their competitors over a whole business cycle.¹

This income tax evidence is extremely confused, and must remain so in the absence of a very expensive, and perhaps futile, official study of original tax returns. The present article cannot attempt to clear it up, but does contribute the first serious use of this source to show trends in earning power of large and small corporations over an entire business cycle, rather than to compare them in any one year, and a bolder statistical method—whose aim is to approximate the probable trends instead of merely confirming that the tax data were not so compiled as to reveal them.

Applause From the Left

The article was commenced as a reaction to the approval given by The New York Times daily book reviewer, on Sept. 26, to E. D. Kennedy's *Dividends to Pay*.^{*} The central argument of the book, as stated by the reviewer, is "that since the wealth of America is becoming more and more closely held, the depression is likely to continue." In the reviewer's opinion, this point is proved "once and for all," but he adds that if the argument is not "as sound as it seems to be," he "would be sincerely interested in learning wherein and why." The Times printed a second review, on Sunday, Oct. 15, by Henry Hazlitt, whose comments were as critical as his colleague's were laudatory, and as forcefully expressed as Mr. Kennedy's own comments on such benighted beings as business men, investors and political conservatives. But the original reviewer announced on Nov. 1 that his belief that "profits are coming to be more and more concentrated" remained unshaken. Meanwhile the reviewers in the "liberal journals" were coming to his support—the regular book reviewer for Harper's Magazine (November), a Professor of Law at Yale in The New Republic (Nov. 1), and an editor of The Nation (Nov. 18). These writers emphasize Mr. Kennedy's statistical thoroughness in such phrases as "incontrovertible proof of rigorous statistical analysis" (Harper's), "a very simple lesson in the mathematics of statistics" (New Republic), and "unimpeachable sources" (Nation); but the reader of the present article will find cause to wonder whether writers chosen by these periodicals to review statistical books have any special equipment for the task, aside from self-confidence.

Since Mr. Hazlitt, too, although a statistician, used an illustration which is open to criticism,² the present writer is the less afraid to attempt a constructive inquiry into the subject-matter and make his own slips with the rest. He will, however, avoid the very serious mistake of boldly announcing tentative statistical findings as proved truths, and thus misleading the non-statistician who wants to know whether "the figures" prove the

capitalist system "right" or "wrong."

A good starting-point is from the statistics in Mr. Kennedy's own first chapter. The essentials are reproduced (after correcting three errors) as Table I, which combines his separate treatments of 1925-29 and 1930-35.

TABLE I. E. D. KENNEDY'S EVIDENCE OF CONCENTRATION IN CORPORATE INCOME

	Large Corporations			All Others	
	Net	P. C. of	Total	Number	Income
1925	1,113	\$4,970	65	383,900	\$2,650
1926	1,097	5,240	70	406,400	2,260
1927	1,042	4,640	71	424,700	1,870
1928	1,258	5,930	72	442,300	2,300
1929	1,349	7,000	80	454,600	1,740
1930	960	2,920	...	462,000	-1,370
1931	960	1,370	...	458,700	-4,660
1932	960	364	...	450,800	-6,000
1933	960	1,070	...	445,800	-3,480
1934	960	1,410	...	468,800	-1,310
1935	960	1,970	...	475,900	-270

For 1925-29 he subtracts the net incomes of corporations earning over \$1,000,000 from total net income less deficits of all corporations, and presents the remainder as the income of all smaller corporations. This method might be criticized on four grounds: (1) the large companies may have represented different industries than the small ones, and hence the 1925-29 comparison may have reflected a shift of earnings among industrial rather than size categories; (2) undoubtedly the large earners were not the same ones each year—a consideration which weakens Mr. Kennedy's diagnosis of "monopoly"; (3) increasing prosperity between 1925 and 1929 carried 236 corporate incomes over the million-dollar line, thus giving the earnings of the giants a purely mathematical and imaginary boost at the expense of the "small firms"; and (4) companies all of which earned money are compared with others for which losses are deducted from profits, thus further handicapping the small companies for their statistical race by making them carry the giants which lost money.

Statistical Absurdities

The 1930-35 comparison, in which the profits of 960 corporations whose published statements are compiled by Standard Statistics Company are subtracted from total net income less deficits of all corporations, is also subject to criticism (1). In place of the rest, it has three faults of its own: (a) reports are often made on a different basis to stockholders than to tax authorities; (b) the profits of the 960 include, and those of all corporations before payment of Federal income taxes; and (c) the profits of the 960 include, and those of all corporations exclude (prior to 1936), dividends and tax-exempt interest—the weird, but (for the book's thesis) fortunate, result being that he subtracts dividends and interest received by the 960 from the net incomes of the smaller companies.

A final piece of ill luck for the value of Mr. Kennedy's statistics is their failure to reach the key year 1936 (the data for

¹See W. L. Crum: *Corporate Size and Earnings Power*, 1939; Solomon Fabricant: "Profits, Losses and Business Assets, 1929-1934," National Bureau of Economic Research Bulletin 55; Edwin L. George: forthcoming article in Dun's Review; and the Twentieth Century Fund: *How Profitable Is Big Business?* 1937.

²Reynal & Hitchcock, \$2.50.

and deficits—although much closer to reality than Mr. Kennedy's assumption that the giants are always profitable—is merely the best available expedient, Table III should be viewed only as confirmatory evidence to Table II.

TABLE III. NET INCOME LESS DEFICITS OF ALL CORPORATIONS

	(1925 = 100)		
	Largest	Next	All
1925	322*	2,978†	100
1926	100	100	100
1927	111	96	89
1928	93	90	86
1929	119	112	99
1930	60	11	56
1931	4	-53	-124
1932	33	-76	-193
1933	19	-28	-92
1934	15	7	56
1935	30	31	22
1936	58	72	5

(Adjusted for change in consolidated returns)

*1929 minimum net income or deficit: *\$5,000,000;

†\$500,000; †\$50,000.

The two tables present regular and almost identical patterns. From 1925 through 1933, in both, the index numbers for the largest corporations make the best showing each year, followed by the next largest, then by the next. Thereafter the largest, as grouped in Table II, fall progressively behind, and by 1936 make the worst comparison with 1925. The only difference in Table III is that the largest fall back in 1935 instead of 1934.

Using percentage changes from year to year as the test—which is only possible for Table II, since percentage changes are meaningless when the actual figures are near the zero point—the pattern is precisely the same (with two exceptions, both fractional) from 1925 through 1932. The largest group falls behind as early as 1933, and the smallest takes the lead (as it does not do in the index numbers) from 1933 through 1936.

The actual dollar changes are significant also. In Table II the three groups, reading from the largest, added \$1.0 billions, \$2.5 billions, and \$2.1 billions to their net incomes between 1932 and 1936. In Table III the gains were \$3.0, \$3.0, \$2.5 and \$1.5 billions. In Mr. Kennedy's own statistics (Table I), he failed to notice the fact—fatal to his theory—that his 960 large companies reduced their profits by \$950,000,000 between 1930 and 1935, while the others reduced their deficits by \$1.1 billions (or, with income defined on the same basis as for the 960, increased their profits by \$1.7 billions).

Giants' Advantage Lost After 1933

To summarize the two tables, the giants increased their earnings relative to smaller firms between 1925 and 1929—one of the two principal periods of mergers in our history, as it happens—and again in the depression, but after 1933 lost their advantage. This pattern is the most reasonable deduction from the available figures, although the evidence is insufficient to constitute conclusive proof. Four difficulties in the evidence will now be discussed briefly.

1. The sharp fall of the smallest group in Table III in 1926, the depth of its depression in 1932, and its failure to

³Pareto's law states that incomes lie in geometric progression—that is, separated by identical percentages. In the opinion of students, it describes the entire range of corporate incomes better than any other general formula; but, since it yields arithmetic averages higher than the actually obtainable averages of the Treasury's income classes, two arbitrary formulas which yielded closer results were used instead. For the \$1,000-\$5,000,000 class, it was assumed that companies were clustered twice as thickly in the second quarter (\$3,000,000-\$4,000,000), five times in the third, and seventeen times in the lowest, as in the top quarter. This makes the arithmetic average \$1,975,000 as compared to an actual average for eighteen income classes (1918 and 1920-1936) and twelve deficit classes (1925-1936) of \$1,982,000. For the five classes from \$1,000,000 down to \$25,000, it was assumed that companies were clustered twice as thickly in the middle third, and three times in the lowest, as in the top one. This yielded averages of \$694,000, \$347,000, \$158,000, \$69,400, and \$34,700 as compared with actual averages of \$695,000, \$348,000, \$154,000, \$69,800, and \$35,100. The possibility of a distribution so irregular as to invalidate the results is almost ruled out by the uniformity of the actual averages from year to year (the extreme cases being \$676,000 and \$711,000, \$345,000 and \$351,000, etc.), by the fact that each group contained at least 100 cases in every year and almost always over 300, and by omission of the extremes (incomes over \$5,000,000 and under \$25,000)—thus escaping a well-known defect of Pareto's law. Had this law been used in place of the "one-two-three" formula, scarcely a number in the tables would have been changed. Incidentally, the only series available by income classes is "net income," excluding dividends received and before taxes.

⁴From 1928 through 1930, the number and assets of corporations in each income and deficit class are given, and from 1931 through 1936 the number and net income or deficit of the corporations in each asset class. To sum up the 1931-1936 evidence: for the nine asset classes, reading from the largest, (1) the percentage of companies reporting deficits did not vary greatly until the very smallest class—being 52, 54, 61, 51, 55, 61, 62, 63, and 73 per cent, respectively; and (2) both the average net income and deficit corresponded roughly with the scale of assets—being \$4,056,000 and \$2,097,000, \$758,000 and \$615,000, \$307,000 and \$228,000, \$98,000 and \$80,000, \$30,000 and \$32,000, etc. The weakness in this evidence is that the \$4,056,000 and \$2,097,000 averages, for example, necessarily include many small as well as large incomes and deficits (as is shown in Statistics of Income, 1936, pp. 167-183).

recover better in 1935 and 1936, are disturbing. This group included about 350,000 companies in 1925, about 375,000 in 1926, and increasing numbers until it reached about 450,000 in 1936. In 1936 nearly 200,000 companies earned or lost under \$1,000. The rest earned or lost less than about \$40,000. Especially in the tiny firms, we are dealing with a unit very different, both in operations and in accounting, from the medium-sized or large corporation. As one example, officer-stockholders of closely held companies have been able to reduce income taxes by drawing salaries instead of dividends up to perhaps \$20,000 to \$40,000, depending on the current tax rates. If salaries are added to earnings, the smallest asset group classified by the Treasury since 1931—with its 225,000 members in 1936—has earned by far the highest rate of return of any size group in every year except 1932. The increase of 100,000 in the number of small companies since 1925—75,000 of them in the trade and service fields alone—indicates an area of severe competition which has little to do with the problem of increasing (or decreasing!) earnings by the largest 300 or 3,000.

2. The 1925-36 pattern is not the only possible cyclical pattern, since from 1918 to 1925 all groups declined and recovered by about the same percentages.

Changing Tax Rates and Rules

3. The figures are affected by changing tax rates and practices. There is no space to list many technical points. Discussion must be limited to the abolition of the consolidated tax return (except for railroads) in 1934, and the absorption of subsidiaries by parent companies to conform to new public policies and avoid the penalizing application of the income tax to intercorporate dividends in 1936.

At first sight, abolition of the consolidated return, by forcing the giants to file separate returns for each subsidiary, would seem to make the 1934-36 index numbers of the largest 300 or 323 corporations understate net income as compared with that of preceding years. But, paradoxically, the effect may have been to exaggerate their share—because the consolidated groups were losing, not earning, money, so that each subsidiary lopped off the parent's return may have helped reduce its reported deficit. In Table III an adjustment can be made for this change.⁵ If it is trustworthy, it strengthens the argument that the earning power of the smaller companies was reviving better from 1934 to 1936—although this change in tax law does unquestionably widen the margin of error.

Absorption of subsidiaries in recent years to simplify financial structures has tended to combine separate tax returns into larger units, thus offsetting the other influence and at least partly restoring the standing of the unadjusted figures in Table III. The importance of this factor in 1936 may be judged by the 11 per cent decline in intercorporate dividends that

⁵See Statistics of Income, 1933, p. 34, and 1934, pp. 114, 122, 130, and 138. Interpolating within income groups, we find that in 1933 the four groups in Table III, reading from the largest, were 53, 32, 10, and 1 per cent consolidated, respectively. In that year all consolidated returns reported a loss of 3.5 cents per dollar of gross receipts, and in 1934 their successor returns lost 4 cents. Corresponding figures for the other returns were a loss of 2.7 cents and a profit of .4 cent. The adjustment assumes that these changes from 1933 to 1934 were the same for each of the four groups. If so, the unknown (but large) number of returns filed in 1934 in succession to the 323 largest in 1933 actually earned less, after deducting their (major) share of the deficits shown by the formerly consolidated returns, than the 323 largest returns filed in 1934. The adjustment was completed for 1935 and 1936 by adding to the 1934 dollar figures the estimated gains of the largest 323, next 2,978, etc. The theory that Tables II and III, unadjusted, exaggerate the share of the largest group in 1934 is fortified by the Standard Statistics Company data. The profits shown by the 960 statements it compiles increased by \$344,000,000, or 32 per cent, in 1934, while profits of all other corporations increased by \$3,748,000,000, or from a \$2.4 billion deficit to a \$1.3 billion profit.

year, in spite of a 40 per cent increase in corporate profits.

Unequal Representation

4. The most serious distortion in the tables is probably that caused by the varying distribution of the different fields of enterprise among the income groups. Going back to Table I for an illustration, railroads and utilities made up 24 per cent, and trade only 6 per cent, of the 1925 net income of corporations earning over \$1,000,000, as contrasted with 5 and 25 per cent, respectively, of net income less deficits of all other corporations. Thus Mr. Kennedy's 1925-29 comparison is in part a study of earning trends of railroads and utilities (whose net incomes increased 43 per cent) as against wholesalers and retailers (whose net incomes dropped 24 per cent), rather than of large as against small companies. To add confusion, 116 of the 236 firms which entered the million-dollar class between 1925 and 1929 were financial in nature, while trade lost some of its meager representation.

Tables II and III are less vulnerable to this criticism, since they extend over a whole business cycle and thus protect the comparison of their first and last years from the contrasting influences of the cycle on different industries. The distortion due to unequal representation of industries in the various size groups remains—thus transportation and utilities, chemicals, and metals accounted for 65 per cent of the net income of the most profitable 300 in 1925 as opposed to only 40 per cent of total net income. Since these three groups, however, did better in 1936 than the general average, a weighting of total net income in 1925 on the same basis as that of the top 300 would have raised the 1936 index number for the total (in Table II) from 71 to 74 (leaving the index number for the 300 at 65). In other words, this adjustment strengthens the conclusion of superior recovery by small firms, just as did the adjustment for abolition of consolidated returns—although it must be admitted, again, that the difficulty with industrial sampling widens the margin of error in the whole study.

TABLE IV. SHARE OF MOST PROFITABLE IN NET INCOME OF PROFITABLE CORPORATIONS

	All Indust.	Non-Finan.	Manufac'tg
300 Companies	(248 Companies)	(133 Companies)	
1925	37%	40%	41%
1926	40%	43%	43%
1927	37%	40%	38%
1928	39%	44%	42%
1929	42%	46%	46%
1930	47%	51%	52%
1931	52%	57%	58%
1932	58%	62%	63%
1933	48%	49%	46%
1934	56%	55%	39%
1935	38%	36%	40%
1936	34%	39%	42%

Table IV deals with this difficulty by eliminating the troublesome financial group and by isolating manufacturing. It gives the share of total net income of all profitable corporations going to the number of companies earning \$5,000,000 in 1929 and shows (for the aggregate, all non-financial, and manufacturing) the familiar trends—relative improvement by the giants through 1932, but loss thereafter of their entire advantage.⁶

Turning now to the comparison of 960 published earning statements with profits

⁶In 1931 the Treasury statisticians shifted from net income to assets as the test of size, imparting a downward bias to the earnings of the large corporations, since the leaders measured by income earn more, by definition, than those measured by assets. This 1930-1931 gap is bridged by assuming that the share of the leading nonfinancial and manufacturing companies gained 12 per cent in 1931, as that of the leading 300 is known to have done, and by revising the 1932-1936 percentages upward to correspond. Use of index numbers is impossible, since the Treasury redefined net income in 1936 to include dividends from domestic corporations and interest on government bonds subject to excess profits tax, and these items are not available by size classes within industrial groups. This difficulty is met by giving the results as percentages of total earnings going to the giants.

of "all others," as obtained by subtraction from the grand total, and defining income alike for the two groups (to include dividends and tax-exempt interest received and exclude income taxes paid), we find that each series increased 29 per cent from 1925 to 1929. This is a delusive coincidence, as appears when the financial group, which is insignificant in the 960 statements but makes up 32 per cent of the "all other" total in 1926, is excluded. It seems wisest to compare the earnings of the 587 manufacturing companies (including 28 oil producers and refiners) within the 960 with the earnings of all other manufacturing corporations. Table V differs from the earlier tables in showing a gain for the large companies in 1936, and it adds a further gain in 1937. The 1937 contrast is perhaps chiefly attributable to the renewal of depression, which, as in 1930, seems to have hit the small firms first and hardest.

TABLE V. NET PROFIT AFTER TAXES OF MANUFACTURING CORPORATIONS (1926 = 100)

	587 Published Statements.	All Others.
1926	100	100
1927	86	81
1928	112	103
1929	130	118
1930	73	8
1931	26	70
1932	5	112
1933	27	21
1934	40	21
1935	61	55
1936	93	76
1937	103	59
(Omitting Chemicals)		
1936	92	88
1937	95	79

In choosing between the 1936 results of the previous tables and Table V, we find that Table V is less trustworthy, for two reasons: (a) The difference in reports to stockholders and tax authorities, as regards depreciation and other optional items, may be great enough to vitiate the comparison. In the opinion of accountants, it is unsafe to assume that the definitions of net income for the two purposes have kept a constant relationship over a period of years. (2) The problem of sampling by industries becomes still more serious when the "large" and "small" series are drawn from different sources. Table V is distorted by the fact that in the base year, 1926, the chemical industry (including the oil companies) received 35 per cent of the profits of the 587 corporations, but only 6 per cent of the other group; while textiles, lumber, paper and printing took 3 per cent of the former and 26 per cent of the latter. What we have, therefore, is to some extent a comparison of chemical profits with those in textiles, lumber, paper and printing. As the table shows, omission of chemicals wipes out most of the disparity in 1936.

If, then, a comparison of published statements with tax returns is less reliable than one between two sets of returns, the evidence points toward a full recovery in earning power by the medium-sized and smaller corporations (except the very smallest, which have at least gained sharply since 1932), compared to the giants. This conclusion is strengthened by the trends in earnings of the various asset classes since Statistics of Income began making that classification in 1931. The plan of the present article does not include presentation of these figures, since they do not cover an entire business cycle, but those interested may find further evidence of the more rapid recovery of the small firms by studying Chart I and

⁷Mr. Crum's own conclusion is that "cyclical changes in business affect corporations of different sizes about equally" (p. 23). Had his data extended back of 1931, however, he would undoubtedly have made the observation that his curves were only "approximately" parallel, and that the earnings shift away from the medium-sized and small firms in the depression and toward them in the recovery was quite discernible. "About equally" remains correct if interpreted broadly. This book now becomes a leading authority on corporation tax returns, especially rates of profit from 1931 through 1936.

Table II of W. L. Crum's just-published book, *Corporate Size and Earning Power*.⁷

Finally, let us assume for argument's sake, and in deference to weaknesses in the statistics, that the earnings trend is toward the corporate giants. The significance of such a trend would depend on its cause, and five possible causes seem important enough to mention: (1) improving earning power per dollar of assets or sales relative to smaller firms—and incidentally, if this is found, it becomes highly important for public policy to know whether it is the result of improving relative efficiency, of increasing monopoly and unfair competition, or of the unequal incidence of government policies; (2) reinvestment of a larger proportion of net earnings, thus increasing the earnings base; (3) greater public financing or borrowing, with the same effect; (4) mergers; and (5) a shift of public demand away from products of industries dominated by small firms and toward those in which the large corporation is technically superior.

TABLE VI. RATE OF RETURN OF PROFITABLE CORPORATIONS ON CAPITAL ASSETS (1926 = 100)

	Most Profitable 300	All Others
1926	100	100
1927	100	100
1928	101	105
1929	68	64
1930	68	64
1931	54	54
1932	60	78
1933	78	81
1934	88	90
1935	91	92

To test the importance of factor (1) against (2), (3), and (4), all three of which denote expanding assets rather than profitability, Table VI presents estimated indexes of the rate earned on capital assets by the most profitable 300 and by all smaller profitable corporations. It indicates that the gain in income before 1929 was mostly owing to growth in assets, and that the small firms have kept pace in earning power with the large ones throughout.⁸

The fifth cause mentioned is probably very important in explaining any relative gain in the income or assets of large corporations as against small which may have taken place. Fundamental shifts in demand such as those away from home building and purchase of textiles, and toward purchase of automobiles and gasoline, tend to stimulate industries organized on a large-scale basis at the expense of those in which small firms have always predominated. Shifts of this kind are not necessarily disquieting, and they do not bear on corporate size as such.

⁸Through 1930 net income and capital assets less depreciation of the most profitable corporations (obtained by interpolation as in Table II) are compared directly. From 1931 through 1936 their net income can only be compared, not with their own assets, but with the larger (by definition) assets of the largest asset class. A correction is made for this by assuming that in 1931 both rates of return advanced equally—by 1 per cent—and by lifting the later years of the large, and reducing those of the small, group accordingly. A second weakness is that assets are for the end, rather than beginning or average, of each year and are estimates by the companies, of varying accuracy. A third is the necessity of interpolating within the highest asset class in 1934 and 1935 to get 300 companies. A fourth is the same problem of distribution by industries discussed in the text—well illustrated by the rise in the second column of the table in 1933, over half of which was due to textile profits alone. W. L. Crum has worked out more accurate series by industries and for all corporations; but his refinements are not available when comparing size groups. The trends of Table VI would not have been changed had unprofitable corporations been included (as in Table III), had only nonfinancial or only manufacturing corporations been used (which is possible only for 1926 and 1931-1936), or had capital assets been replaced by net worth, total assets, total assets less investments, or total assets less investments less miscellaneous assets. For those interested in the trend of assets on which the table is based: since 1929 (when investments—supplemented by an estimate for life insurance companies—can first be separated), the top 300 companies have suffered a greater proportionate loss (or write-down) in capital assets, about the same loss as the other companies in total assets less investment, and a smaller loss in total assets.

Germany's War Finance: Industrial Machine Decaying; Private Investment Dead

At the time Germany embarked on the present European war she apparently had already exploited to the limit the possibilities of government finance. The old-fashioned way of financing State expenditure through taxation had long since been exploited to the utmost. Reich income from taxes and customs receipts had risen from Rm. 8,168,000,000 in 1929-30 to Rm. 6,648,000,000 in 1932-33 to Rm. 17,408,000,000 in 1938-39 and about Rm. 24,000,000,000 in 1939-40 (estimate). From April to September of this year tax revenues totaled Rm. 11,400,000,000, as compared with Rm. 8,303,000,000 during the corresponding period of 1938. Nevertheless the government, to an ever-increasing extent, had to resort to borrowing to finance current expenditure. The average yearly deficit in the Reich's budget amounted to Rm. 4.12 billions per annum during the period from 1935 to March, 1939. At present the monthly deficit has reached a minimum of Rm. 1.2 billion, which is equivalent to about Rm. 15 billion annually.

This trend can be observed in the development of government debts. According to official figures, the total indebtedness of the Reich rose from Rm. 11.69 billion in 1928 (end of March) and Rm. 16.06 billion in 1933 to Rm. 20 billion in 1938 and Rm. 30.68 billion in 1939. At the present rate, the yearly increment of total government debt amounts to considerable more than the total indebtedness of Germany at the time when Hitler came to power.

TABLE I. INDEBTEDNESS OF THE REICH
(Million Marks)

	Long	Short	Total
Mar. 31	Old. #	Foreign Term. #	Term.
1928	5,560	884	500
1933	4,422	3,003	2,751
1937	3,622	1,442	8,611
1938	3,466	1,333	11,954
1939	3,307	1,257	19,577
1938			7,938
			+35,550

*July 31. †Without 910 million tax certificates issued during September, 1939. ‡Sept. 30. §Pre-1924. ¶And medium term.

The total of public debt in Germany might not appear particularly staggering to the American reader. Considerations of the burden of State loans and budget deficits, however, depend not only on the absolute totals but also on the relative strength of the capital market which has to carry the load. Government debt may increase for many years without any acute danger of inflation so long as the authorities are able to obtain sufficient short and long-term loans on the money and capital markets. In a totalitarian State, furthermore, the government is able to exercise a vastly greater control over the capital markets than in a free economy. It can thereby divert for its own purposes funds in the capital market which might not otherwise be at its disposal. The situation only becomes critical when the financial demands of the government exceed the total capacity of the capital market.

The Capital Market

The capital market in Germany was unable in the past to absorb all the Treasury bills or bonds issued by the Reich, even though private issues were discontinued except for a few Four-Year Plan enterprises of military importance.

From 1935 until March, 1939, the Reich issued a total of Rm. 17.5 billion medium and long-term loans and Treasury bonds. Almost half of this amount—Rm. 8.5 billion—was not offered to the public but placed directly and compulsorily with insurance companies, savings banks, provincial and municipal authorities, which were compelled to invest the greater part of their liquid resources in this manner.

The remaining Rm. 9 billions of loans and Treasury bills were taken up by the banks in whose hands they largely re-

mained since they could find few alternative and profitable outlets for their liquid funds.

"Delivery Bills"

The strain in financing was manifest by the government's adoption up to April 1, 1938, of the device of paying for its supplies by the issue of "delivery bills." These could be discounted at commercial banks and at the Reichsbank, as was done on an increasing scale. The net result was that banking institutions were forced to accumulate these perpetually renewable short-term government bills, for the government was unable to raise sufficient loans. "The steady expansion of the volume of credit during the last few years shows that for some time public investments have exceeded the total funds available for savings and taxes and the supplementary credits * * *" (from the recently published report of the Reich-Kredit-Gesellschaft for 1939, p. 26).

TABLE II. NEW ISSUES OF SECURITIES IN GERMANY
(Million Marks)

	State	Industrial	Stocks
1928	633	294	1,339
1932	248	10	150
1933	71	2	91
1934	75	4	143
1935	1,636	3	156
1936	2,670	47	395
1937	3,150	258	333
1938	7,744	107	822
1939†	*1,820	...	244

*Total State and industrial. †Five months.
Compiled from reports of the German Institute for Business Research.

The advent of the European war has made this problem even more acute.

On April 1, 1938, the Reich ceased issuing "delivery bills" because it was felt necessary to return to more orthodox methods of financing government activities. An official determination was announced which would limit Reich financing to tax revenues and the proceeds of government loans. In order to facilitate the transition a temporary series of six months non-interest bearing bills was utilized.

Tax Certificates

Reich expenditures increased even more rapidly, however, and at the same time the capital market was constricted. The government found it difficult to pay its bills for armaments and other supplies. Consequently the liquidity of firms working for government account was seriously impaired. Therefore the limitation of the issue of six months' redeemable notes was abandoned. Their ultimate volume was very much higher than the original limit which had been imposed.

Seizing the bull by the horns the Finance Ministry adopted its "New Finance Plan" on May 1, 1939. It provided for the elimination of the "delivery bills" from circulation by the end of October, 1939, and for the issuance of "tax certificates."

These tax certificates are State bills acceptable in payment of taxes. Industrial suppliers of the Reich, the party and other government units received 60 per cent of the payment for their goods in cash and the balance in tax certificates. Half of the tax certificates (category I) can be used for tax payments six months after the date of issue. The other half (category II) can be used only after three years are passed.

The effect was automatically to raise the total of Reich credits. Holders of these new bills can sell them like securities, category II even on the Stock Exchange. Government suppliers were also allowed to pay up to 40 per cent of their own bills for raw materials, etc., with these certificates.

Failure of Tax Certificates

In the beginning tax certificates, category I, were quite popular. They provided a liquid investment with a relatively high rate of interest. The government took advantage of the situation to market more of them through the banks over the counter. The long-term Tax Certificates II, however, which are redeemed by the Reich only after three years, lagged. Originally quoted on the Stock Exchange at 104.5, they have fallen in recent months to 93.5. The Reichsbank found it necessary to make supporting purchases in order to avoid a further decline.

The new tax certificates were not rediscountable at the Reichsbank, although this privilege was accorded to the old delivery bills. The new bills can be used up to 75 per cent of their value as collateral for bank loans. Nevertheless, a substantial part of the issue of these new bills found their way into the portfolios of the State banks as a result of their efforts to support the market.

The government made vain efforts to induce industrialists or private investors to keep Tax Certificates II as a long-term investment by offering special tax reductions according to the length of time the taxpayer kept them in his possession. These long-term certificates could not easily be utilized for payment of bills on account of confusing technical difficulties (for instance there were forty different series). The certificates consequently returned in increasing volume to the banks and to the Reichsbank.

Inflationary Influence

Another trend is visible. The short-term Tax Certificates I are negotiable and are used like a supplementary currency. This should tend to have inflationary effects.

Therefore the government decided to stop issuing tax certificates. Another "new finance plan" is due. In the mean-

time a relative plethora on the money market, partly as a result of the fact that tax certificates are no longer issued, facilitates the floating of Treasury bills.

Other inflationary tendencies are visible. Money in circulation has increased far beyond what might have been expected as a result of territorial expansion. According to the Statistisches Reichsamt, the monthly average monetary circulation rose from Rm. 6,686,000,000 in 1937 and Rm. 8,728,000,000 in 1938 to a peak of Rm. 11,229,000,000 in July, 1939; from November, 1938, to November, 1939, from Rm. 7,423,000,000 to Rm. 10,583,000,000.

The inflationary effects of these factors have been greatly reduced by means of price control and rationing. Usually the volume of currency can only be increased to a limited extent without having the inflationary effect of adding to available buying power.

This is the case when monetary circulation cannot be spent because goods are rationed. When this situation arises and at the same time surplus money is not deposited as savings or with insurance companies, then it remains in the hands of prospective buyers of consumption goods. As a result there is an incentive for the illegal purchase of scarce goods at higher prices. These increases, of course, violate the official price regulations. This tends to create a dual price system: an official one, which is relatively stable, and an unofficial system of inflated prices. These are the trends in Germany today, although the inflationary process has not yet proceeded far enough to constitute a real danger to the system.

Deterioration of Equipment

The German Government still has the opportunity to augment its income by means of increased restrictions on private investments and individual consumption. Industrial enterprises find it increasingly difficult to spend their own liquid capital for purposes such as the financing of their own industrial needs and for industrial repair work. The following facts demonstrate this decline in industrial reconstruction. In 1939 about 44.5 per cent more industrial "capital construction" was done than in 1929. Yet "replacements" were less than in 1929. These figures indicate more production, more depreciation of technical equipment and fewer replacements.

TABLE IV. GERMAN CAPITAL CONSTRUCTION
(Million Marks)

	New Construction	Replacements	Total
1929	5,850	6,950	12,800
1933	5,060	5,060	10,120
1934	2,360	5,355	7,715
1935	5,690	6,000	11,690
1936	7,500	6,200	13,800
1937	9,500	6,500	16,000
1938	11,700	6,800	18,500

Source: Reichskreditgesellschaft, "Germany's Economic Situation at the Turn of 1938-39," pp. 26-27.

The decay of railroad equipment has been especially acute. After many vain efforts by the State Railway Company to obtain a permit to raise new capital, the government finally agreed to a bond issue of Rm. 500,000,000.

Private Investment Doomed

There is a cat and mouse struggle between the State and the private investor. The private investor tries to counterbalance the shrinkage of his fixed capital by accumulating liquid funds. These attempts are largely frustrated by the absence of corresponding investment possibilities and the forced issue of tax certificates. The tax certificate method aims primarily at the inclusion of those funds which have not before been used in an economically desirable manner. This includes especially those industrial surpluses

Table III. Security Holdings of German Banks and Insurance Companies

	(At the end of April, millions of marks)
Reichsbank	1,144
Clearing Association	1,166
Savings banks	7,838
Five big banks	838
Twenty other commercial banks	544
Clerical and disablement insurance fund	3,397
Life insurance companies	2,062
December, 1938. †March.	481 2,636 1,817 915 614 12,596 1,785
	317 230 962 712 536 2,174 1,397
	94 156 962 171 140 872 557
	1928. 1,225 2,438
	102. 267
	71

Bill Holdings of Commercial Banks

	1938	1937	1933	1928
Five big banks	2,523	2,522	2,636	1,225
Twenty other commercial banks	887	967	1,109	368
				495

Holdings of Non-Interest-Bearing Treasury Bonds

	1938	1937	1933	1928
Five big banks	1,786	515	520	474
Twenty other commercial banks	549	118	111	276
				71

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National Government: Year-End Review of New Deal Strategy and Prospects

WASHINGTON.

WILL the New Deal stand or fall in 1940? That is the one important question under which all other national issues are merely sub-heads. What we are witnessing now is a phase in the struggle for control which every large nation in history has had to face. Each expanding system has grappled with the problem of bigness; with the inadequacy of loose, informal governments; and with a resultant trend toward the centralization of power. With centralization has come a clash between groups for the holding of that power.

Whenever one interest has gained mastery, the strength of the people has been slowly crushed; progress has ceased; and the glory of empire has been transplanted to some new, vigorous nation eager to start on the age-old cycle of growth and decay.

We have moved into this cycle with terrible swiftness in the last decade. The checks and balances within our constitutional and economic system hitherto have stood against too rapid changes. Flexible, like a great coiled spring, they have yielded readily a little, always with increasing resistance. No force has been strong enough to alter for long the essential pattern.

But hitherto our system has been left to perform its function. In the New Era of the Twenties, released from wartime centralization, fierce outward forces pulled away in a disordered and exuberant expansion and were swept back by the contraction of our national mainspring; by the automatic reaction of our economy.

Since then, under the New Deal, the pressure naturally has been in reverse, to compress the spring; to tighten control within the central government. The normal result would be another release with a new and perhaps less violent surge of expansion. Thus, after a series of pulsations, our system would return to the balance which nature always tries to achieve.

But the process is no longer that simple. The New Deal has been at work on the system itself, softening it in some places and making it brittle in others. Does our American system still possess the resilience to spring back; the flexibility to change without cracking? That is the question and that is the challenge of 1940.

* * *

TO PERPETUATE ITSELF the New Deal has taken three roads to centralized power. They cross and re-cross. At times the three are one. Control of the people, of the government and of industry are the triple route.

Supported by the people, the New Deal dominated Congress and began to control industry. Then, in reverse order, industry first revolted; then Congress. In 1938 the people began to turn. After another year, however, it is not yet possible to say with finality that the New Deal has run its course.

In fact, although there have been some ups and downs over the last twelve months, the great struggle between the New Deal and its opposition has been virtually deadlocked in its three main sectors. The Administration could gain no new powers from Congress; neither could Congress wrest away existing ones. The Administration could not coax or prod industry into action; neither could industry escape from New Deal controls and make its own way. The balance of popular sentiment has fluctuated within a narrow range, close to a tie, in the polls of opinion and in the estimates of commentators.

Our immediate question therefore is: What can now happen to break this dead-

lock? What new forces can begin to swing the balance for or against the New Deal?

* * *

THE PASSING OF A YEAR has returned us momentarily to a situation of remarkable similarity to that of a year ago but with differences in outlook. As of last January, it appeared that the Administration was hard pressed on important programs. Sentiment was strong for reform of the relief, labor and tax laws, and for the curtailment of spending, which is the foundation of all Federal activity and influence.

But the session started with a national defense program which occupied attention for several weeks. Meanwhile, the New Deal was busy fortifying the weak points in its line. Unable to counter-attack successfully, as in the business-baiting drive of a year before, the Administration used quite the reverse strategy in a fake armistice through the "business appeasement" program announced in February. National defense, appeasement and other diversions so delayed the advance of the opposition that time no longer remained to complete action on conservative reforms before adjournment.

This done, the New Deal was ready to take the offensive again. Looking ahead to the election, the New Dealers saw that they needed prosperous conditions and a high level of Federal spending in the second and third quarters of 1940 to influence votes. The spending theory, officially affirmed in the opening message to Congress, was therefore advanced behind a heavy bombardment, aimed at the alleged failure of private business by the Monopoly Committee and by all officialdom. The spend-lend and housing bills were suddenly released, were pushed through the Senate, and were stopped in the House only by a narrow margin.

This failure, with continued depression and unemployment, brought the New Deal into a period of decline suddenly ended by the outbreak of war in Europe. The immediate belief was that the United States would be drawn into the war, or close enough to the brink so that a change in administration would be impossible. The people approved the course followed through the neutrality debate to which Congress was held, to the exclusion of domestic issues in which the New Deal had failed.

But anti-war sentiment stilled the propaganda, covertly spread by Federal officials, that we would become involved in Europe's troubles. The fatalistic belief in a third term thus was swept away. With the outbreak of the Russo-Finnish war, the New Deal lost much of the advantage of the emphasis on foreign issues through this proof of its unwisdom in past friendship with Russia and in the condoning of Soviet activities on this hemisphere. Domestic issues once more came to the front.

* * *

WE BEGIN 1940, therefore, with the same sentiment in Congress, relatively unclouded by extraneous issues, for economy and for reform of relief, labor laws and taxes. But again, as in 1939, a large national defense program, which could have been begun in the special session, is being advanced as a curtain-raiser. Who knows but that the appeasement theme again will be thrown in at the proper time? Or, if there is any marked rise in consumer prices between now and Spring, whether the more likely prospect is for

an adroit form of business baiting in a campaign against profiteers for which the groundwork has been well laid?

Thus another session begins with a familiar pattern of stabilized warfare between the opposing forces. It may appear that the opposition is farther advanced than a year ago in such matters as Wagner act reform. The probe of the special House committee headed by Smith of Virginia has been ably conducted. Yet, by putting the relatively conservative Leisen-son on the board in place of Donald Wakefield Smith, whom the Senate probably would not have confirmed for another term, the arrangement is made to look more respectable. The incentive toward a short session and the reluctance to cope with major legislation in an election year may result in inaction. Official testimony is frank in showing flaws in administration rather than in the basic law. After the hearings have run their course and their publicity ceases, there is no assurance of action.

The relief system, also, is in better repute with Colonel Harrington at the head of WPA and with the galaxy of works agencies confusingly reshuffled under Carmody, through the President's reorganization powers. The need for a more rational and coordinated system, as we pointed out last week, is still acute while unemployment remains at the 10,000,000 level. But inertia is strong and the New Deal's opponents, influenced by sectional views, are not united on any one plan.

Elaborate steps have been taken also to bury the tax issue. The Administration can have a tax bill if it likes. But most observers doubt that Congress otherwise will take any sweeping action in the election year. It is doubted that Under-Secretary Hanes would have resigned from the Treasury had he thought that major revisions are at all imminent in the tax field wherein he has worked so long and conscientiously.

* * *

THE BUDGET may draw some of the force from the economy drive. Although an increase of some \$500 million for national defense is anticipated, cuts elsewhere are likely to amount to two or three times that sum in the estimates for

fiscal 1941 to be submitted to Congress next week. WPA may be further cut. It is doubted that the public works program will be renewed. Heavy industries are well stimulated by war orders and the arms program, so there is no point in aiding them. Besides, new appropriations in this field would not help in the election: would be too slow-moving to materialize as large-scale expenditures before next November.

Anyhow, the expected upturn in business reduces the necessity for Government spending as an economic measure to create the appearance of prosperity and thus to influence the voters. War in Europe furnishes another kind of temporary, artificial stimulus.

So budgets of numerous agencies have been cut to a point where bureaucrats are feeling the wringer. The estimate of expenditures for fiscal 1941 may be in the range of \$9 billion, while revenues may increase by \$500 million or more. This will mean that the indicated deficit for the next fiscal year may be more than \$1 billion less than the \$3.8 billion indicated for fiscal 1940.

This is far from real economy. Congress and the New Deal may later seek more funds beyond the initial budget. But it will seem, at the outset, a laudable improvement as compared with the budget of a year ago.

* * *

CONTINUED DEADLOCK in Congress, therefore, is possible. The New Deal is playing for it again on its programs which have been under fire. Earlier, when the Administration's strength seemed to rise in the first weeks of the war, it seemed that the New Deal might try to go farther in loading the national defense program with big spending plans, such as super-highways and electric power, under the guise of defense. Such plans certainly were in the making. But we doubt now that they will be attempted, at least at the outset. Neither does it seem likely, unless the war situation greatly intensifies, that the Administration can make much headway toward the gathering of new powers to be available in the event of emergency or war.

Yet, supposing Congress does reach another stalemate—of which we are not wholly sure—it is not to be concluded that popular opinion will remain static. And this is the real determinant of the New Deal's future on which we will comment next week.

Abstracts of Recent Important Articles on Business, Finance and Economics

Industrial Market Data Handbook of the United States, by O. C. Holleran (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce). This study examines data concerning manufacturing and mining industries. A complete summary has been made of the location of these establishments in the 3,071 counties, larger cities and States. This is covered by tables, as is the number of wage-earners and the value of the products. "This book is intended to aid manufacturers in establishing a sound basic measurement of their industrial markets."

* * *

Steel Shares in Wartime (The Economist, Nov. 4).—An analysis of the outlook for steel shares "may serve as an appropriate introduction to the technique of estimating industrial equity share prospects during a national emergency." Investors should examine wartime trends of production, as a guide to gross earnings, having due regard to price movements,

government control, etc. They must evaluate the charges which must be made "before gross earnings emerge as net profits—including wartime costs and taxation." And they must by an examination of the capital structure of each company discover how much the net profits will affect the dividend policy of each company. The present war is in its early stages, yet the omens favor a "flatter trend of steel profits in this war than the last."

* * *

Survey of Business Opinion, by R. H. McKay (The Conference Board Economic Record, Nov. 21). "Comments from contributors show clearly how the early Fall war boom has been succeeded by more nearly normal business." Though decreases are reported almost as frequently as increases, the decreases are from high levels. Orders now on the books indicate that operations will be at capacity for months to come.

H. S. SLADE.

DEC 28

Building Costs Too High; Residential Construction Lagging Despite Shortage

An article in THE ANNALIST of Nov. 2nd brought forth the amazing conclusion that (1) building costs are not high, and (2) residential construction has not been lagging. Reasoning along these lines, then, we might go a step farther and say that there is no evidence of greatly unfilled need for residential housing. Perhaps the American citizen has taken to trailers en masse. Or it may be that the "in-law" situation is now such that couples find strength and joy in moving in on these perennial worthies. Perhaps, also, the reason for "doubling up" has been only a subterfuge hiding behind the real convenience and necessity of having bridge partners always available!

TABLE I. COST OF LIVING AND CONSTRUCTION COSTS

	Construction Costs. 1926=100.	Cost of Living. 1926=100.
1914.....	43	61
1915.....	45	61
1916.....	62	65
1917.....	87	78
1918.....	91	94
1919.....	95	102
1920.....	121	118
1921.....	97	102
1922.....	84	97
1923.....	103	100
1924.....	104	101
1925.....	99	104
1926.....	100	104
1927.....	99	102
1928.....	99	101
1929.....	100	100
1930.....	98	97
1931.....	87	87
1932.....	75	78
1933.....	82	75
1934.....	95	79
1935.....	94	83
1936.....	99	85
1937.....	113	89
1938.....	113	87

Cost of living: National Industrial Conference Board.

Construction costs: Engineering News-Record.

Let us examine this factor of costs. It is said that a comparison of the general price level with building costs in 30 cities since 1933 shows an increase of 25 per cent for building and 18 per cent for the index of general prices—"not much of a difference to be excited about." But let us take a better comparison, that of construction costs and costs of living. Housing represents a basic cost of living and construction is facilitated when the relative costs remain in line to a fairly reasonable degree. Table I compares the index of construction costs compiled by The Engineering News-Record with the cost of living index (National Industrial Conference Board). This comparison is made for each year since 1914. Note carefully that up to recent times the relative level of the cost of living index was higher. Contrast this with the position of the two indexes in the years 1932 to the present, for example. Note that both indexes stood at 100 in 1929, while at the end of 1938 construction costs stood 13 per cent higher and cost of living was 13 per cent lower. The consumer finds, in other words, that he would have to spend a larger proportion of his dollar for construction now than was the case in years gone by. Logically, this is an important determining factor in contemplating home building. In examining Table I further, the changes that have taken place in the peak years and low years since 1914, the movement of the construction cost index is clearly emphasized by Table II.

TABLE II. ANALYSIS OF TABLE I
Construction Cost of Costs, Living.

Per cent increase from low year (1914) to high year (1920).....	282	94
Per cent decrease from high year (1920) to depression low.....	38	37
Per cent increase from depression low to 1938.....	51	13

From 1923 to 1931 construction costs and the cost of living index were on a fairly even balance, but the cost of living index is now about the same as it was

*High Costs, the Lag in New Homes and Other Folklore of the Building Probe, by John Collins.

in 1931 and only ten points higher than in 1933; while the index of construction costs has increased greatly and is now higher than in any of the years covered, with the single exception of 1920. Putting it another way, construction costs are now 13 per cent higher than in 1926, while the general cost of living is 17 per cent lower.

Table III compares actual prices of four basic building materials and shows the trend during the World War, the high in 1923 and quotations in recent years. All prices are far above those prevailing during the war years. Lumber prices are higher now than in the peak year 1923. It is apparent that these prices do not square with the reduced level of purchasing power in recent years.

TABLE III. BASIC BUILDING MATERIAL PRICES IN NEW YORK CITY

	Brick Per M.	Cement Per Bbl.	Lime Per Bbl.	Pine Board Per M. Ft.
1914.....	\$5.50	\$1.17	\$0.97	\$29.25
1915.....	5.50	1.00	0.97	27.51
1916.....	5.50	1.32	1.50	31.58
1917.....	9.10	1.76	2.02	37.51
1918.....	10.98	2.48	2.16	43.33
1919.....	15.79	2.63	2.65	49.60
1920.....	20.00	2.66	2.98	62.25
1921.....	11.00	2.15	2.35	53.75
1922.....	12.00	2.26	2.80	57.75
1923.....	12.50	2.07	2.80	66.46
1924.....	13.10	2.12	2.80	62.75

Source: Engineering News-Record.

The matter of wage rates also is particularly important. It was shown in the Nov. 2 article that building construction average hourly wage rates and weekly earnings of factory workers increased 21 and 22 per cent respectively from 1935 to 1937. This comparison is highly misleading for the reason that weekly earnings are compared with hourly rates. Note also that weekly earnings are those for 1937, a year of high industrial activity. If we take hourly earnings of factory workers compiled by the same source; National Industrial Conference Board, we find that hourly earnings increased from 60 cents in 1935 to 69 cents in 1937, or only 15 per cent. Furthermore, if we make the same comparison for the year 1938 we find that construction wage rates stood at \$1.41 per hour and the factory workers' rate was approximately 71 cents. The percentage change from 1935 to 1938 is plus 29 per cent for construction and plus 18 per cent for factory workers. Note that the relative increase in construction rates was greater. Table IV shows the actual trend of these hourly rates since 1914. The hourly rates for factory workers are available only since 1924. Hourly rates of pay in the building trades stand higher than at any time in the past, including the World War period and the post-war building boom. Noteworthy, also, is the fact that hourly rates for common laborers were higher in 1938 than were the rates of skilled workers in the years 1914 to 1918.

Building Costs Out of Line

If these data on costs are considered in the light of the low level of purchasing power and the reduced national income in recent years, there appears to be a substantial basis in fact for believing that they are out of line with costs in other important industries.

This brings us to the question of the building industry lagging. The question was asked: Lagging behind what? It is badly put. Construction is not lagging behind anything. It is lagging in the face of a recognized shortage in adequate residential facilities. It is lagging because the building trade appears unable to provide a suitable house for the great mass market in the \$3,000 to \$5,000 range. How

can they in view of this great inflexibility of costs? American industry has generally prospered through reduction of costs, lowering prices and expanding its markets. These characteristics have been absent in the building trades. There is an apparent reluctance to meet these facts: That construction of a new home is a postponable item; that it requires a comparatively large initial outlay; that it must compete for the consumer's dollar more vigorously than in the past.

Distress Real Estate

The tremendous deflation in the real estate mortgage market following the collapse of 1929 has been a serious competitive factor never recognized as a practical matter by the building industries. The only way to meet the problem of distress real estate overhanging the market is to offer something new as nearly comparable in value as possible to the old. That is not to say that the problem was, or is, easy of solution. But the fact remains that building costs did remain relatively inflexible in the face of these circumstances.

TABLE IV. HOURLY RATES

	Construction— Wage Rate Per Hour in 20 Cities.	Avg. Hourly Earnings in 25 Skilled. Common. Mfg. Ind.
1914.....	\$0.57	\$0.18
1915.....	0.57	0.18
1916.....	0.58	0.19
1917.....	0.61	0.28
1918.....	0.68	0.38
1919.....	0.78	0.47
1920.....	1.05	0.58
1921.....	1.06	0.54
1922.....	1.01	0.44
1923.....	1.10	0.52
1924.....	1.19	0.56
1925.....	1.22	0.54
1926.....	1.27	0.55
1927.....	1.32	0.55
1928.....	1.35	0.56
1929.....	1.36	0.55
1930.....	1.38	0.56
1931.....	1.27	0.50
1932.....	1.02	0.43
1933.....	1.01	0.46
1934.....	1.10	0.53
1935.....	1.09	0.53
1936.....	1.15	0.56
1937.....	1.32	0.65
1938.....	1.41	0.88

Construction rates: Engineering News-Record.

Wage rates: National Industrial Conference Board.

greater activity on the part of non-residential builders cannot be considered as being of an encouraging nature. Yet their proportion of building contracts awarded in a relatively poor year for business (1938) was greater than that of residential builders.

It is possible to show from the facts at hand the positive aid to improvement in residential building that has come from sources other than the construction trades and unions. Considerable efforts have been made by the Federal Government to ease the financial burdens of home owners. Simplification of procedure and reducing the costs of financing have in the past three years been reflected in greater activity in the residential building field. The financing evils have been corrected, while the major factors of cost still remain disproportionately high. Yet it can be realized that demand must be pressing since residential building in 1938 continued its uptrend in contrast to the sharp decline in industry generally.

TABLE V. YEARLY BUILDING PERMITS

Year.	Millions of Dollars.	Index
1919.....	1,515	170
1920.....	1,634	183
1921.....	1,869	200
1922.....	2,807	315
1923.....	3,449	337
1924.....	3,702	415
1925.....	4,393	492
1926.....	4,122	462
1927.....	3,651	469
1928.....	3,900	592
1929.....	3,097	347
1930.....	1,776	190
1931.....	1,220	137
1932.....	420	47
1933.....	355	40
1934.....	399	45
1935.....	657	74
1936.....	1,047	117
1937.....	1,228	138
1938.....	1,194	134

Source: Commercial & Financial Chronicle.

Table VI reveals the significant changes that have occurred in the real estate mortgage and financing field. At the end of September, 1939, the Federal Savings and Loans Associations and the Home Owners Loan Corporation had mortgages outstanding in excess of \$3 billions. There were none before 1933. Note also the marked decline in the index of non-farm foreclosures since 1933. Here was a great distress market in real estate. What adequate grounds can there be for saying that building costs have not been high in view of this situation alone?

TABLE VI. LOANS OUTSTANDING

	Fed. Savings & Loan Assn's Outstanding at End of Year (Millions).	H.O.L.C. Loans Out- standing at End of Year (Millions).	Fore closures standing Real Estate (Millions). (1928-1938)
1933.....	\$1,3	2,379.5	371
1934.....	348.0	2,892.5	338
1935.....	586.7	2,755.1	275
1936.....	853.5	2,397.6	225
1937.....	1,034.2	2,168.9	175
1938.....	1,206.9	2,064.9	148

*Sept. †End of year.

Let us, for just one more example, take the case of Great Britain, whose building boom was looked upon with envious eyes by the stalwarts in this country. Housing costs in the United States, based on the index 1927=100, rose from 88 to 96 in the period 1931-34. In Great Britain, during the same period, the index of costs declined from 81 to 70, the latter figure being lower than at any time since the World War. Furthermore, purchasing power from wages and salaries suffered no such collapse in Great Britain as occurred here. The figures given in Table VII are illuminating.

TABLE VII. AMERICA VS. BRITAIN
(Millions)

	1932. 1924-27. cline.
Great Britain, total wages and salaries.....	£2,143 £2,207 3%
United States, total labor income.....	\$31,500 \$48,000 32%

You see from these figures that the American citizen's income, a part of which might have been used for housing, was either drastically reduced or entire-

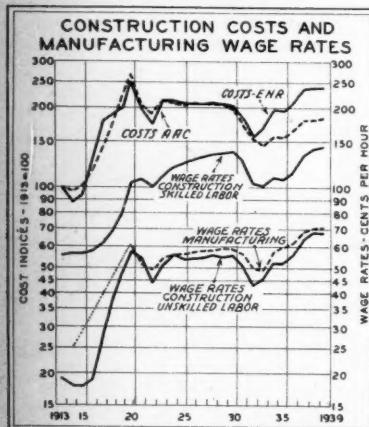
ly eliminated. Did the building costs come down to the level where the common man had a chance, at least, to make the signs of a move in the right direction? No, nor did the humble citizen reach down in his jeans seeking coefficients of correlation with which to pay. So there you are; but maybe I'm screwy.

Still on the Fence

By JOHN COLLINS

BEFORE this thing goes farther, it would be a nice gesture if the author of the foregoing study put away those loaded dice. The Engineering News-Record index he uses is 13 per cent higher than it was in 1926, as he says; but that index is not an accurate measure of the cost of building a house.

What it does come nearest to measuring—and it has its uses there—is the cost of the cruder forms of non-residential construction where the common labor content is high. His use of it can lead only to results that are biased, for certain things have been happening these last few years to warp it upward. Let the E. N. R. people themselves tell that story.



"In practice," they say in their issue of April 27, 1939, "the construction cost index has been used widely to apply to building costs, and when common and skilled labor rates move in similar trends it is a satisfactory measure of relative building cost movement."

"However, following the low wage rates of 1932, common labor climbed much faster than skilled and reached new all-time highs by July, 1937. The increase was in the lower ranges between union and non-union. When 'prevailing' wages became synonymous with union wages the gap closed up, hence the E. N. R. 20-cities wage average increased more rapidly than the union rates."

"To provide a more representative measure of building cost movement, the skilled labor trend has been substituted for the common labor trend in the Construction Cost Index and the E. N. R. Building Cost Index computed."

How wayward the behavior of the old E. N. R. index, used in the above study, has been in recent years may be seen by comparing it on the chart with the building cost index of the American Appraisal Company, which was not so sensitive to the distorting wage development the Engineering News-Record describes.

A Representative Index

I did not decide to use the A. A. C. index as a measure of cost offhand, or because it is the lowest (which, in fact, it isn't) and would best support a hypothesis. I used it because, after testing, I found it ran uniformly with the pack of seven or eight other indices examined and in addition seemed, because of its ingredients, to come nearest to representing the type of home construction most common since 1932.

The cost of building a house, then, is not

13 per cent higher now than it was in 1926. It is something like 11 per cent lower. I say "something like" because all indices of construction costs are approximations and when applied as a measure of current house-building cost are, I believe, too high. They do not reflect economies in material, method and financing achieved in recent years.

I cannot, therefore, infer that because the cost of living index is 17 per cent lower than in 1926, while the American Appraisal index is only 11 per cent lower, the cost of putting up a home is excessive. The cost of living index is itself an approximation. Is a known difference of something less than 6 per cent here significant?

Material Prices and Wage Rates

Biased, also, is the business of taking the prices of building materials in New York City as representative of the country as a whole. Aren't any better measures available? Of course, "all prices of building materials are far above those prevailing during the war years." Would you clock a race when one of the runners, through the first lap, was shackled?

My comparison of hourly wage rates in construction and weekly earnings in factories, for the period 1935 through 1937, was, I can see now, misleading. It conceals the fact that in 1934 and 1935 the hourly earnings of factory workers had already run up faster than those in construction.

I have since computed the average annual rate of increase in hourly wages for the period 1933 through 1939 and find that those of skilled construction workers tended to advance 6.4 per cent annually, those of factory workers 6.3 per cent and those of common construction labor, 6.9 per cent. Before concluding that the rapid runup in common construction labor supports the notion that home building costs are high, one should inquire how weighty the common labor cost is in home building.

It is true that "hourly rates of pay in the building trades stand higher than at any time in the past." But the same may be said of hourly rates in factories. There are factory rate figures of the National Industrial Conference Board available prior to 1924 and they have been reported for years in *The Survey of Current Business*.

Common Construction Labor Up 277%

The hourly rate for factory workers in July, 1914, was 25 cents and the rise since that time has been 188 per cent. The wages of skilled construction workers, meanwhile, have risen 152 per cent. The hourly rate of common construction labor has risen 277 per cent.

It would be just another Weber and Fields to discuss at length the question: "Is residential construction lagging?" Mr. Pescatello is talking about "a recognized shortage in *adequate* facilities, (i. e. philanthropy), whereas I mean housing to be paid for in full by the owner with money he earns."

Meanwhile, it is true that the characteristics which have enabled other industries to tap the great mass market have been absent from the building trades. Maybe what building needs is fewer monopoly investigations and more monopoly.

The figures in building permits and Mr. Pescatello's citation of "sub-normal" years to prove that home building is not as active as it should be, fail to allow for the vast volume of excess building in the Twenties. I know of but one "normal" that means anything in this field, and that is arrived at by taking as accurate a building series as one can get, back over as long a period as possible, and computing the trend.

When this is done the excesses of the Twenties become evident. Unfortunately,

most of the statistical pictures in the building field to which we all have been exposed go back no farther than twenty years. The picture of "normal" we carry in our heads, as a result, is grotesque. It is natural that one raised near the Matterhorn and exiled to the prairie for a few years should go about muttering: "Old boy, you gotta get out of this canyon."

I suppose I should not mention this. But the article of Nov. 2 referred to did not "bring forth the amazing conclusion that (1) building costs are not high, and (2) residential construction has not been lagging."

What it did bring forth were two inferences: "In the absence of conclusive evidence, (1) one should hesitate about terming building costs 'high,' and (2) one should hesitate about describing residential construction as 'lagging.'"

A testing of some of the commonly accepted "truths" in the housing field, even though the results were inconclusive, seemed to me to be worth while. I'm still on the fence.

Germany's Finance

Continued from Page 821

which have been used up to now for self-financing."

The German Institute for Business Research described the meaning of the "new financial plan" (the issue of tax certificates) as follows:

In principle the new finance plan makes it possible to consider the wishes of private issuers more strongly than before. To what extent the issue requirements can be satisfied in practice depends undoubtedly on the conditions of the capital market.²

The Reich's Kredit Gesellschaft provided a more correct characterization of the new finance plan in its recently published report when it said: "The new finance plan is explicitly directed toward immobilizing the liquid resources of industry in the interest of public financial needs." (Page 46.)

Self-finance in industry is decreasing, and at the same time private issues are prohibited, with few exceptions. Private investments are handicapped not merely by the official restrictions on private issues by heavy taxation and issues of tax certificates but also by the scarcity of raw materials and labor and by the entire rationing system.

In principle, this system is similar to the war economy during the World War. There are, however, some significant differences. During the first two years of the World War, the Reich was able to raise sufficient internal loans to liquidate its short-term indebtedness. Only during the last two years of the World War, when the Reich could no longer finance its deficit by loans, was it forced to rely on the issue of short-term Treasury bills which had to be perpetually renewed. Simultaneously private issues were forbidden. Finally war indebtedness was liquidated through currency inflation—after the war.

TABLE V. TAXATION AND NATIONAL INCOME IN GERMANY
Official figures; billions of marks

	Taxes and Customs	Estimated National Income.
1932-33.....	6.05	45.2
1933-34.....	6.84	46.5
1934-35.....	8.22	52.7
1935-36.....	9.65	58.6
1936-37.....	11.49	64.9
1937-38.....	13.96	71.0
1938-39.....	*17.10	79.7
1939-40.....	†22.10	88.0

¹ Greater Reich. ² Estimate, published in the Report of the Reichskreditgesellschaft: Economic Conditions in Germany in the Middle of the Year 1939, page 44.

The German State had to start the present war with financial measures which became necessary only toward the end of the World War. As a matter of fact, the Nazi Government introduced these measures even before the war began. Issues

¹ Weekly report of the German Institute for Business Research, Aug. 11, 1939, page 2.
² Ibidem, page 4.

of State bonds could not absorb the short-term State bills which overflowed the capital market to such an extent that there was no opportunity for private issues. This increase in the volume of short-term State debts reveals a decline in Germany's financial strength as well as an increasing distrust of long-term State bonds on the part of private investors who are eager to keep their capital liquid. But the investor in Germany has little chance to invest his funds according to his own will.

The situation is quite paradoxical: the greater the scarcity of raw materials and labor, and the more technical equipment decays on account of insufficient renewal, the more investment funds will be at the disposal of the State. The lack of private investment possibilities helps the State to finance this deficit.

The restriction of consumption has a similar effect. Additional money incomes can be spent either only for a few unrestricted luxuries, or they must be accumulated—returning to the banks or insurance companies, where the funds are absorbed by the State.

The Reich's financial situation is eased by the scarcity of consumption goods and the decay of the industrial machines. This process can go very far before it comes to a breakdown. But the longer it lasts, the greater the crisis which will inevitably follow this war.

Recent Books

THE STOCK PICTURE

By V. W. and M. C. Horsey

The November number contains charts showing, by months, since January, 1932, the behavior of 800 stocks traded on the New York Stock and Curb Exchanges. In addition, it depicts the course during the same period of some of the better-known averages. All price ranges shown have been adjusted for capital changes. (M. C. Horsey & Co., 49 Wall Street, New York.)

* * *

NEW ENGLAND COMMUNITY STATISTICAL ABSTRACTS

These abstracts bring together in condensed form data regarding New England's leading trade and industrial centers, collected from many sources and arranged in convenient form for quick reference and comparison. Prepared for the Industrial Development Committee of the New England Council, they are designed to aid

Continued on Page 850

Not . . . Guaranteed

By GEORGE BUCHAN ROBINSON

The references, in the Fritz Kuhn trial, to the totalitarian "leadership principle" have caused me to wonder if we may not have had a dose of that "principle" ourselves, in the old-age security matter. Alanson Willcox, then assistant general counsel of the Social Security Board, said, in *The Annalist* of Aug. 17, 1938:

There is a school of thought which says that we should not attempt to portray to the people the true liabilities of the government under this system. "What you don't know won't hurt you."

The Social Security Amendments Act of 1939 abandoned the old "reserve account," which required an annual confession of the accrued liability for pensions, in favor of a "reserve fund," which requires no confession whatever. See old and new Section 201 (a) of the Social Security Act. It appears that the change in the law constitutes a victory for the school of thought which Mr. Willcox mentioned. Is it not a victory also for the "leadership principle"?

DEC 28

Security Through Individual Enterprise: The Proper Role of Social Insurance

By M. ALBERT LINTON*

President, The Provident Mutual Life Insurance Company

I PROPOSE to discuss briefly four topics which in the present situation have especial significance. First, we are faced with the tragedy of war in Europe. Second, the United States Government still continues to live far beyond its income, raising the national debt to new high levels. Third, intimations have been heard that perhaps the Federal Government should take a hand in supervising the business of insurance. Finally, the Federal old-age security program has been revised in a manner that is of unusual interest to life insurance men both in home offices and in the field.

Overshadowing everything else in the world today is, of course, the war in Europe. Looking back we can see all too clearly the mistakes following the World War which one after another culminated in the present tragedy. We see that if only this or that had been done or not done the world would be a happier place today. Unfortunately the bitterness, the hatred and the fear engendered by war persist long after the last shot has been fired. They poison the wellsprings of action to such an extent that the reconciliation and international cooperation so necessary to a peaceful world are almost impossible to achieve.

The end of the present conflict no one can foresee, and prophecy would be futile. However, the one sure aim should be to heed the lessons of the last war and its aftermath and to seek a peace settlement which shall hold out the promise of better days to come. To that end the United States should direct its policy; and I am sure it is the firm conviction of this group that this country can make its greatest contribution by staying out of the conflict and putting its own house in order. Individually we cannot help feeling the burden of the tragic suffering likely to be visited upon millions of people, and it will fall to our lot to help bind up the wounds of the war. At the same time one of our greatest missions will be to avoid developing in ourselves the bitterness and hatred that war so easily engenders. When the opportunity for peace comes, the cooperation and counsel of a powerful nation like ours will be sorely needed. The more active good-will and sound economic thinking we can contribute to the deliberations of the peace conference the fairer will be the world we shall hand on to our children.

Life Insurance a Citadel

In a world distraught by war the institution of life insurance on this continent stands out as a citadel of strength. It has weathered magnificently the stress and strain of ten years of unprecedented economic disturbance and has won the confidence of millions of policy holders by its prompt, unfailing performance in time of need. It has created strong reserves with which to meet the contingencies of the future. Its continuing aim is to render the best of service to its vast army of policy holders and to extend the benefits of life insurance protection as widely as possible. It represents individual enterprise and initiative, seeking diligently to provide security for all who are in position to avail themselves of its manifold services.

Businesswise, as far as life insurance is concerned, the record of the year 1939 will be better than that of the previous year. From reports received from 215 companies having 98 per cent of the life insurance in force in all United States legal reserve companies, it would appear that by the end of this year the amount

*Address delivered at the thirty-third annual convention of the Association of Life Insurance Presidents in New York City on Dec. 14.

still politically popular, for the masses of the people do not yet appreciate the profound social and economic changes that may follow in its wake. However, there are evidences here and there that the electorate is awakening to the dangers. Proposed bond issues are being rejected at the polls, and influential voices are raised in Congress to support the adoption of sound fiscal policies.

All too frequently in the past when budget balancing has been proposed most of the attention has been directed to the income side of the ledger, and it has been urged that an increase in tax rates is the only solution. Too little consideration has been given to the outgo side, as though no curtailment of unnecessary expenses were possible. That attitude of mind is dangerous and leads simply to a continuation of the drift toward the shoals. Moreover, it encourages specious rationalization that our economy can be supported only by the continuation of huge government expenditures. Recently there has been talk about retrenchment in the coming fiscal year. It is to be hoped that the talk will be followed by constructive action.

When we speak of increased taxation I wonder if we realize the extent to which the United States is being taxed already. In making comparisons with other countries it is essential to take into account State and local as well as Federal taxation. The National Industrial Conference Board has recently published the following exceedingly interesting figures showing the comparative burden of taxation for last year under all headings in the United States, United Kingdom and Canada, and for the preceding year in France.

THE TAX BURDEN

Country.	Taxes Per Capita of Population.	Taxes Expressed as Percentage of National Income.
United States	\$107.51	22.4%
United Kingdom	107.80	21.1%
Canada	76.76	20.7%
France	54.51	23.3%

These figures may well give us pause when balancing of the budget through increased taxation is proposed. They indicate all too clearly the probability that any material increase in taxes would simply put further brakes upon productive enterprise and cause an increase in the relief load on the other side of the ledger. No, the only safe way out of the morass is through a maximum curtailment of all non-essential expenditures to the end that private enterprise may be stimulated to greater activity. As production, and hence national income, increase, the relief load will decline until finally the process should bring about a meeting of income and outgo. A temporary tightening of the belt would probably further this objective and would therefore be likely to pay tremendous dividends in future well-being and prosperity. On the other hand, a continuation of lavish expenditure is likely to end in further depression, a still lower standard of living and a hateful dictatorship to hold in check the profound social discontent that would follow.

All of this would be most gloomy and discouraging were it not for the fact that this country can by intelligent action create an entirely different situation. Within our borders are the man power, the natural resources and the capital to achieve a standard of living that will eclipse anything we have been able to attain in the past. One of the most dangerous of the false doctrines repeatedly

proclaimed in the depression is that this country is mature, that because of technological development and the closing of the geographical frontier we must of necessity look forward to a slowing down of progress and a lack of opportunity for the future.

Previous depressions have given rise to similar statements which in the light of subsequent events have been proved completely false. What has happened in the last ten years has brought into being new statements of the same tenor. Only this time they fill scores of books and magazine articles. It is more than probable that they will prove equally fallacious. As our children and grandchildren thumb through this prize collection of pessimistic forebodings it is not difficult to picture their amazement at the lack of economic understanding and creative imagination displayed by their forebears.

A Dynamic Standard of Living

After all, of what does a standard of living consist? Money as such is simply an index of something far more fundamental—namely, the food, clothing, shelter and other tangible things which we use from day to day in the process of living, not to mention the opportunities for reasonable periods of leisure that modern technology makes possible. Our standard of living, therefore, depends upon the amount of goods and services produced and distributed among our people. To say that this country, blessed as it is with natural resources, labor and capital, has reached a maximum standard of living is simply to say that we do not have the intelligence to utilize what lies at hand in great abundance.

All of this is of intense interest to the institution of life insurance which in providing security to its policyholders is dependent in large measure upon the accumulation of securely invested reserve funds. If this country has reached its zenith of economic development then the future opportunities for the proper investment of these reserve funds will be greatly restricted and life insurance as we know it today will be radically altered in character. Fortunately, unless we are confirmed pessimists we need not fear this outcome. Studies made by qualified individuals and organizations clearly reveal the need for the investment of billions upon billions of new capital in productive facilities and other durable goods to provide for the country at large only a moderate increase in the average standard of living. As the capital funds are expended, large numbers of people find employment, and in the process earn the money with which to purchase the products of our industrial and agricultural plant. The resulting favorable effects are cumulative and form the basis of lasting recovery.

The key to this situation is to be found in the creation of conditions under which the vast existing reservoirs of private capital may be drawn upon and invested in capital improvements. To bring this about action will have to be taken in the fields of taxation, labor relations, hampering controls of productive activity, government competition with private business, and government budget policy previously discussed.

Recovery Delayed

The decade of the 1920's, with its unsound use of borrowed money created through the operation of the credit mechanism, became known as the New Era. It proved to be temporary and unstable. Within the last few years we have been going through another period when borrowed money—this time money borrowed by the government and created in large measure through the operation of the cred-

it mechanism—has been mistakenly relied upon to bring about recovery. Instead it has delayed recovery. We may some day come to look back upon this period as the Era of Missed Opportunities; an era when hundreds of thousands of young people reaching the age to do useful work were denied the opportunity of constructive employment and when millions of older workers were unable to return to their jobs. Instead they were made dependent upon government charity either in the form of direct relief or of made work which in all too many instances brought with it no feeling that the work was worth doing. The time is long overdue when we should draw the curtain upon this Era of Missed Opportunities and remove the man-made obstacles to a forward march to achievements exceeding anything we have known in the past.

Therefore I fail to be dismayed by defeatist doctrines which proclaim that because the geographical frontiers of the United States are closed it must be content with the average standard of living already achieved; that the country is overbuilt so that thrift and saving instead of being beneficial are actually harmful. Such doctrines are gross perversions of the truth, and our temporary acceptance of them during recent years has had much to do with the fact that some nine million persons are still unemployed. Once we emerge from this fog of unsound doctrine we shall find ample opportunity for the profitable employment of our man power, our vast national resources and all the savings we are willing to make out of our income. The goal will be a higher standard of living extending down to the lowest income-earning groups. If we use our intelligence, the possibilities for creating a better life for our 130 million people are without limit. And in that development the institution of life insurance, mobilized to provide security through individual enterprise, will play an important role.

The Supervision of Life Insurance

The year since we last met has witnessed a number of hearings on various phases of the life insurance business conducted in Washington by the TNEC. To comment adequately upon these hearings would consume much time and would perhaps not leave us in the proper frame of mind to consider the many important topics included in our program. However, one subject of especial interest has emerged informally as a result of the hearings and has been mentioned a number of times in the press. It is the suggestion that the present system of State supervision of insurance is inadequate and that therefore the Federal Government should enter into the picture in the role of supervisor.

This suggestion is of the greatest interest to tens of millions of policyholders in this country whose future security is bound up with the security and well-being of the institution of life insurance. In the first place, it is important for them to realize that they already have a remarkably efficient system of State supervision developed during the last seventy years and tested in the crucible of the unprecedented depression of the 1930's. The system gave an excellent account of itself measured by all the standards applicable to undertakings of comparable magnitude. Naturally as a result of that experience lessons were learned which will lead and have already led to refinements in the methods of State supervision that will still further strengthen it as an instrument for the protection of policyholders.

Examining the depression record of life insurance, we find that of the total assets held by life insurance companies at the beginning of the year 1930 only 2.1 per cent were in companies in which during the seven years 1930 to 1936 inclusive the impairment of life insurance reserves

called for the appointment of receivers. In this connection it must be borne in mind that as a general practice these companies were taken over and operated by established insurance organizations. The policies remained in force, but carried liens which represented in each case the impairment of the reserves of the original company. A recent study of such liens by the American Life Convention reveals the most interesting fact that the total liens imposed represented less than one per cent of the total assets of all life insurance companies in the country. Moreover, under good management the liens reduce, until in many instances they finally disappear, so that all the values originally provided in the policies are fully restored. It should also be mentioned that in the majority of cases death claims continued to be paid despite the liens.

For those who look upon Federal activity as the cure for all our ills it may not be amiss to recall that during the four-year period 1930 to 1933 inclusive, 2,310 member banks of the Federal Reserve System suspended payment, representing more than one-fourth of the total number of member banks and holding 11 per cent of the total deposits of the system.

Decentralized Authority Needed

One of the most important safeguards inherent in State supervision is the system of checks and balances existing because of the fact that the authority is not centralized in one place. When an institution has to do with tens of millions of people there is always the danger that politics will enter into its control and endanger its security. When the authority is not centralized but is distributed among the several States, a mistake made in one State affects only a fraction of the institution and can be corrected before serious damage has been done. Concentrate the authority in one agency which has jurisdiction over the entire country and there will be grave danger that irreparable damage, resulting from honest mistakes or from political demagoguery, may be inflicted upon the institution.

It should further be noted that any failures in the system of State supervision which have occurred in the past have been failures of men and not of the system. Obviously men might fail in a nationwide system and the resulting mistakes would be correspondingly magnified.

In the development of State supervision a most important part has been played by the National Association of Insurance Commissioners. It is this organization which has furnished the means of consultation and conference whereby the supervision of forty-eight separate States has been coordinated so that a minimum of difficulty from overlapping authority has been experienced. The system is flexible and therefore able to adapt itself to the widely-differing conditions existing in our great country. Moreover it is close to the people in the individual States and therefore responsive to their local needs. The situation would be altogether different if the State supervisory office were merely a branch of a huge central authority located in Washington.

Danger Signals

Of course any immediate proposal for Federal supervision would be relatively innocuous and apparently harmless. However, we must not be caught off guard by that fact. Once Federal supervision starts it will surely expand until ten or twenty years later it will probably have supplanted State supervision and assumed full control itself. That is the inevitable tendency of centralized government activity. Looking abroad we see danger signals aplenty against following the road that leads to concentration of power.

It is no mere fantasy of the imagination to suggest that once Federal super-

vision had developed into control, the investment of life insurance funds would become subject to direction by the central authority. Suppose that some administration should decide that the life insurance premium income available for investment should be used to support this or that social or economic theory or should be used to balance the budget. It would provide a source of easy money to be borrowed by the spenders and the various pressure groups. The threat to the security of policyholders is all too clearly evident.

The dangerous proposals might go to even greater lengths. Since compulsory government social insurance should operate on a pay-as-you-go basis without full actuarial reserves, it might become politically attractive to assert that life insurance maintained on a voluntary basis should be operated in a similar manner. Fortunately there is ample experience to demonstrate conclusively that private life insurance must operate upon the legal reserve basis if the policyholders are to be properly safeguarded. To abolish the reserve funds and rely upon future premium income, the receipt of which would be dependent upon the voluntary action of individuals, to meet future claims would have tragic consequences.

Chief Justice Hughes's View

The Honorable Charles Evans Hughes, who from first-hand experience is intimately acquainted with the problems of life insurance, had this to say when he spoke before this association on the occasion of its twentieth anniversary meeting:

We [referring to the policyholders] have a fortunate balance, mutual undertakings under competent direction, with confidence in the integrity of management and a wholesome public supervision which is now as little menaced by political interference as any great public undertaking in a democracy can well hope to be *** How to obtain the safeguard of ultimate control by those whose interests are at stake, and the continuity and efficiency of expert management, without the intrusions and insincerities of politics or the fantasies of dreamers, that is the great problem. It has been solved to a gratifying degree in your case.

"The intrusions and insincerities of politics," "the fantasies of dreamers"—what meanings these words hold for us today! If we would safeguard this great institution of ours and its millions of policyholders, the first steps toward Federal supervision must not be taken.

Old-Age Security

The revision of the Federal old-age social security plan in 1939 is of especial interest to us in the life insurance business, particularly in view of the survivor's benefits substituted for the old lump sum death benefits. The latter had been included in the original plan as a result of an unwise adherence to the principles underlying certain types of annual premium annuities issued by life insurance companies. While these principles are sound for individual private insurance they do not belong in a program of compulsory social insurance established by government. By following them the original plan included a form of death benefit providing a lump sum on the death of the worker, the amount of which normally increased steadily to a maximum on the day he reached age 65.

The new plan replaces the lump sum death benefits by monthly income payments for the care of dependent children. This type of protection will be of outstanding value to the great mass of wage-earners who by themselves would not be in a position to make such provision for their children. It is an interesting fact that present actuarial estimates indicate a lower ultimate level of cost for the new survivor's benefits than did the original estimates for the old lump sum benefits payable upon death before age 65.

The old-age pensions in the new plan were also materially changed so that the amounts payable to individual workers retiring say within the next fifteen years will be considerably increased as compared with what would have been paid under the original plan. Later on the reverse is true and ultimately the maximum payable to an individual will be in the neighborhood of \$56 a month as compared with \$85 under the original plan. However—and this is most important—if the wife of a retired worker is at least 65 years of age she is entitled to a benefit equal to 50 per cent of what her husband receives so that the total payable to an aged couple retiring during the early decades of the operation of the plan will be much more favorable than under the original plan which made no new extra allowance for wives. The maximum benefit for an aged couple retiring many years hence approximates the original \$85 payable to an individual.

Misunderstanding of Social Security

Considerable misunderstanding has been caused by the relatively large pensions payable to workers retiring within the next fifteen or twenty years as compared with the amounts they will have paid as taxes. This misunderstanding can be cleared away if we consider the manner in which industrial pension plans are set up by long-established corporations. For example, consider the hypothetical case of an individual who is assumed to work steadily for the corporation from age at entry 30 to retirement at 65, for the uniform wage of \$100 a month. Assume that the plan was first established in 1937 and that five years later the first pensions were to be paid. Assume also a formula that has frequently been used providing that the pension will be equal to 1 per cent of wages for each year of service prior to the inauguration of the plan plus 1½ per cent per year of service thereafter. Thus if a worker aged 60 in 1937 had received wages of \$100 a month for the preceding thirty years and should receive the same amount until retirement five years later, his monthly pension at that time would be \$37.50.

In the following table will be found not only for age 60 but also for three other ages, the figures for this hypothetical private plan, for the revised social security plan assuming that the retired worker has a wife aged at least 65, and for the original social security plan:

	Age When Plan Was Instituted in 1937			
	60	50	40	30
Private plan	\$37.50	\$42.50	\$47.50	\$52.50
Revised S. S. plan	39.38	43.13	46.88	50.63
Original S. S. plan	17.50	27.50	37.50	47.50

It is an essential function of a sound individual private pension plan as of a sound social insurance one, to provide reasonable pensions for workers who retire in the early decades of the operation of the system. That cardinal principle was not observed in the original plan and for that reason it was not adapted to perform the essential service of a social insurance program. The situation is clearly illustrated in the foregoing table. The old plan which gave a \$100-a-month-worker \$17.50 a month if he retired at 65 after having been in the plan for five years would give a \$100-a-month-worker \$47.50 upon retirement after having been in the plan for thirty years. The more adequate pensions were, therefore, deferred to the distant future and those retiring in the earlier years would have received relatively inadequate support. It was reasonable, therefore, that the revision of the plan should have adopted principles as to benefits that had been found appropriate under private group pension plans.

Most important question is the probable cost of the revised program. As already indicated, it is estimated that the proposed payroll taxes which rise to a

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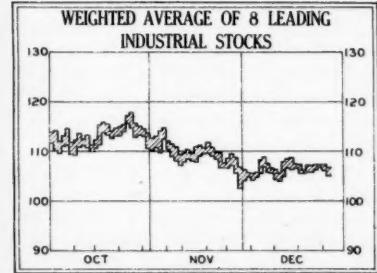
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Financial Markets: Construction Stocks Weak Despite Heavy Volume of Building

STOCKS have continued to fluctuate in a very narrow range. Volume of trading has remained light. In spite of a number of favorable news items there is still no sign of an important change in the general level of stock prices.

There were small declines during the week in the steel stocks, Union Pacific, New York Central, American Car and Foundry, Allied Chemical, International Harvester, General Electric, du Pont, Union Carbide, Montgomery Ward, Sears Roebuck, General Foods, Loew's, the tobacco and a number of the oils made small gains. For the most part, however, changes were of very small magnitude.

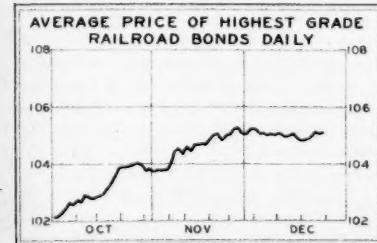
Reports that the Allies would increase their purchases of airplanes in this country did not produce any marked effect upon aviation securities. Although it is reasonable to expect that purchases will continue to come in pretty heavy volume as long as the war continues, prices at which aviation securities are now selling discount this factor to a certain extent. If this business could be expected to continue indefinitely, a substantial further advance in aviation securities would no doubt occur, but of course this is not the case. On the contrary new business is certain to fall off sharply whenever the war ends.



	High.	Low.	Last.
Dec. 21.....	107.3	105.8	106.4
Dec. 22.....	107.4	106.3	107.0
Dec. 23.....	107.4	106.0	107.1
Dec. 25.....	107.4	106.0	106.3
Holiday.....			
Dec. 26.....	107.4	106.0	106.3
Dec. 27.....	106.7	105.1	105.5

Air transport companies are in an entirely different position. The volume of their traffic is increasing steadily and recent earnings reports have been very satisfactory; but under present conditions there is not a great deal of connection between the outlook of the two types of aviation companies.

One rather surprising feature of the security price movement during the past year has been the relative weakness in the construction stocks in the face of a high level of activity in the industry. Recent reports indicate that building contracts in November were at a very satisfactory level and throughout the past year the industry as a whole has done better than at any other time since the depression set in. The fact that this has failed to prevent a decline in the construction stocks has been attributed partly to the decline in the profit margins of some of the companies



	Dec.	Nov.	Oct.	Sept.	Aug.
20.....	104.98	104.94	103.60	102.44	
21.....	105.11	105.01	103.83	102.03	106.92
22.....	105.01	105.06		101.78	106.94
23.....	105.06		103.90	101.91	106.42
24.....		104.81	103.90		105.82
25.....	105.04	103.92	101.93	105.95	
26.....	105.26		103.95	102.03	102.03

in the industry and in part to the fact that this industry would probably not benefit to any important extent from increased demand for war materials.

The situation in the oil industry has remained rather confused, largely as a result of the threat of increasing inventories. The failure of gasoline demand to increase as previously expected has been reflected in weaker gasoline prices, although the effect of this development upon oil securities has been offset in part by more active demand for fuel oil.

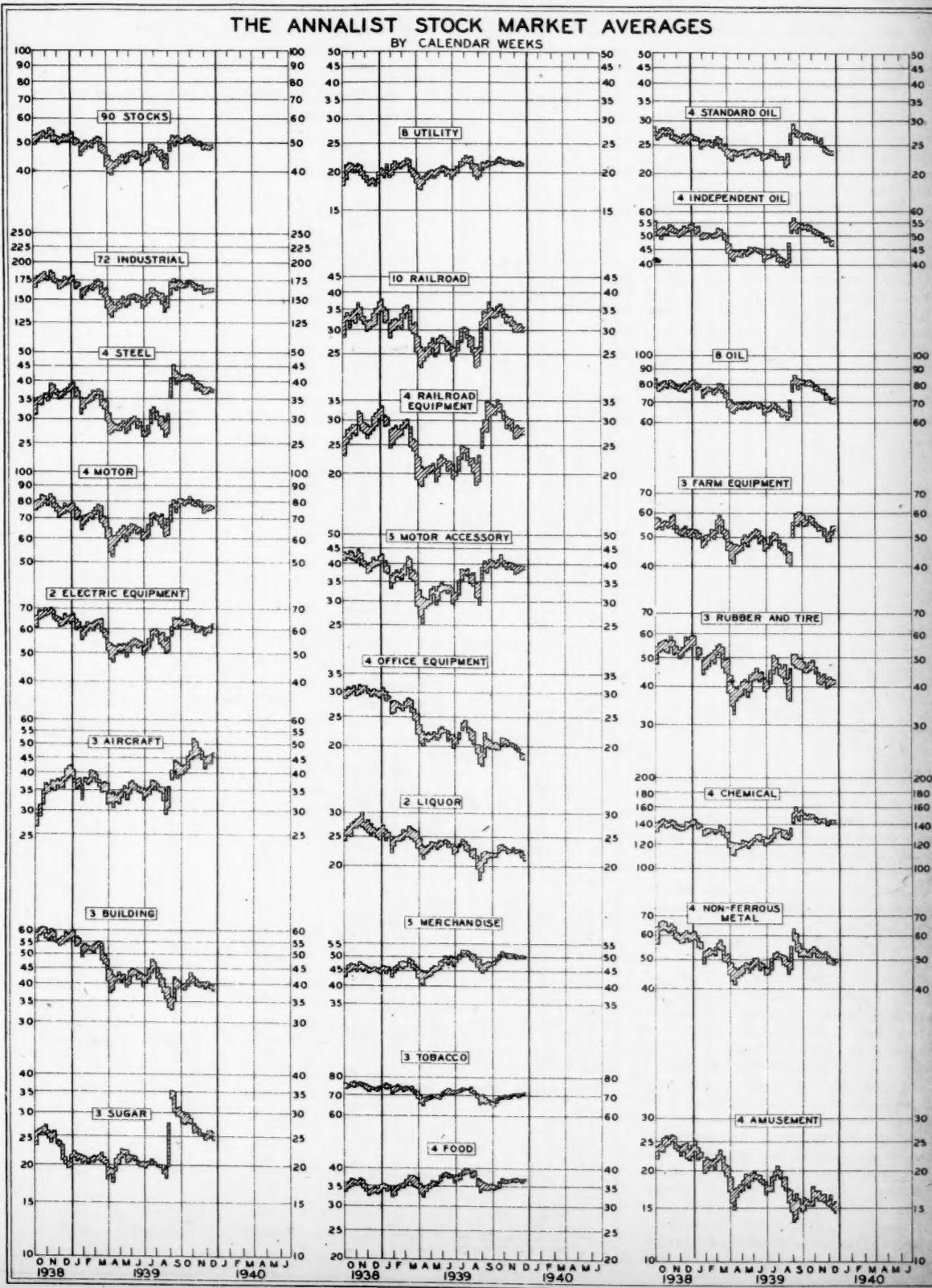
It has been of considerable interest to American investors to note that with an

irregular improvement in the London stock market and a slightly firmer tendency in sterling exchange there has recently been less talk in financial circles of foreign selling in our security markets. There is evidently some justification, therefore, for the belief that recent war developments of an encouraging nature to the Allies have perhaps had a favorable influence upon our security markets.

In the past the stock market has often advanced around the end of the year, but in this instance prices have very little time left in which to conform to the conventional pattern. In earlier times when

the January reinvestment demand was an important factor in the financial markets, there was some reason for a rise between Christmas and the middle of January. Under present circumstances, however, this influence is of much smaller relative importance, so that too much confidence should not be placed in the theory of seasonal movement.

Over most of the past four months the market has had the advantage of a rapidly rising level of general business activity, but has nevertheless been able to make little upward progress. A reaction of some sort in general business may well be setting in at the present time and it will be interesting to see whether the market takes more notice of the business decline than it did of the advance. M. C.



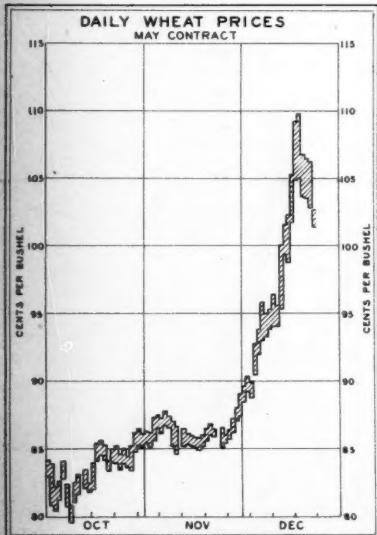
The Week in Commodities: Peace Talk and Weather Man Bring Decline in Prices

COMMODITY prices recovered further last week, with The Annalist Index closing at 81.9 on Dec. 23, the highest since Nov. 10 and a gain of two-tenths of a point as compared with the previous week. Livestock prices rallied vigorously, with hogs reaching the best levels in six weeks. Silk was another strong spot, with quotations hitting a ten-year peak. Rubber moved higher, on trade buying. Among the major commodities wheat and corn reacted following their recent sharp rise. Cotton was steady. Hides and cocoa moved lower, although losses were small.

THE GRAINS

In frantic trading, wheat futures soared to the highest levels in more than two years last week and then slumped sharply on reports of moisture in the grain belt and renewed efforts towards world peace. A great many traders were much disappointed with the action of wheat but this feeling can be traced to the erratic course of prices.

On Monday of last week, prices "followed through" on the sharp rally which had taken place on Saturday. Tuesday saw prices reach new high levels only to drop sharply and close with losses of 2 to 3 cents. Wednesday witnessed another severe decline followed by an equally sharp rally on Thursday. Friday and Saturday were bad days for the bulls with prices crumbling almost 9 cents from the earlier highs. At the close of trading on Saturday, wheat futures were down 2½ to 3 cents as contrasted with the previous week.



On Tuesday—following a two day holiday—wheat futures rose ¾ to 1½ cents a bushel in active trading. The near-by options were preferred.

Highlighting the news was the Government's estimate of the Winter wheat harvest based on Dec. 1 conditions. The Federal agency placed the probable yield at 399,000,000 bushels, the smallest—with but one exception—since 1900 but still about 10,000,000 bushels above most private estimates. Officials, however, asserted that conditions had deteriorated further in the first two weeks in December so that the estimate might be high.

Although the report was the chief news of the week, it had little effect upon the market. Brokers explained that the poor showing had been amply discounted and that things were so bad at present that there was a much better chance of improvement than there was of further losses.

Toward the end of the week, grain prices had to contend with two bearish items. One concerned severe snowstorms

in the West and Southwest while the other dealt with new peace moves on the part of this Government. In Eastern Colorado—in which section the extended drought has been especially bad—as much as 8 inches of snow covered the parched earth. According to the Weather Bureau's long-range report, wheat farmers may expect additional moisture this week.

Almost all grain authorities agree that any moisture at this late date will not do the grain crop any good. Reports of snow and rain, however, do have a profound effect upon the trading element in the markets, especially since a large part of the recent rise in prices has been based on drought reports.

In the matter of peace, most speculators are frankly skeptical, but all of them real-

ize the important psychological effect such reports have on the traditionally "war minded" wheat market. While President Roosevelt's newest plan for peace was not announced until late Saturday, the grain market's "grapevine telegraph" was in excellent working order because peace rumors started hitting wheat prices early Friday.

Wheat exports improved somewhat in the week ended Dec. 16 with 436,000 bushels going overseas as compared with only 19,000 in the preceding week. Both figures, of course, are abnormally low. Futures shipments, moreover, have to buck ever increasing ocean freight rates. Another boost in quotations was announced last week. The new rate is 45 cents a bushel from New York to Antwerp which

makes the transporting of wheat an expensive proposition.

Rye was an important exception to last week's general weakness. The May option climbed to 77½ cents a bushel, a new high since the latter part of 1937. Prices declined when selling broke out in the wheat pits but a late rally canceled most of the earlier losses.

Rye options soared 3 to 3½ cents a bushel in heavy dealings on Tuesday. Traders were impressed by the "good buying" said to be behind the recent rise and pushed all contracts to new highs.

Pushed into the background by the sensational rise in wheat, rye nevertheless has been putting on a grand show of its own. In the last week of November, May rye futures were selling around 53 cents, so that last week's highs represented an advance of almost 50 per cent in three weeks.

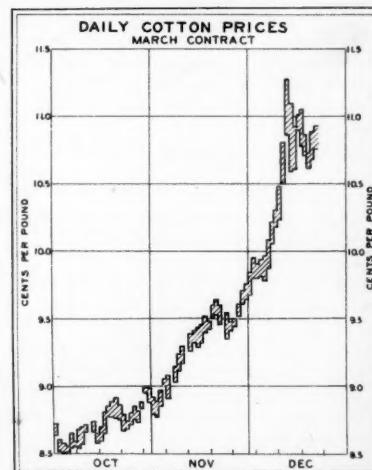
The outstanding strength in rye can be traced to prospects for a very small crop. Based on the Government's estimates, the new crop will total about 27,000,000 bushels, the third smallest in 40 years and 12,000,000 less than were harvested this year.

Corn futures failed to reach the September war-boom peaks and were quick to decline when the wheat market lost its "pep". After selling for 61½ cents a bushel—a new high for the current move—May corn closed at 57½ cents, off ½ cent for the week.

Corn futures rose 1½ to 1¾ cents on Tuesday. Greater export interest was credited with much of the rally.

COTTON

For the first time since mid-November cotton prices declined last week. According to trade reports, most of last week's losses can be attributed to hedge selling and profit-taking sales. Contributing to the decline was the holiday spirit evident among almost all traders so that much of the time cotton prices were left to drift for themselves. Weakness in Bombay and Liverpool—where the speculative boom appeared to have reached its peak—also pressed down domestic prices.

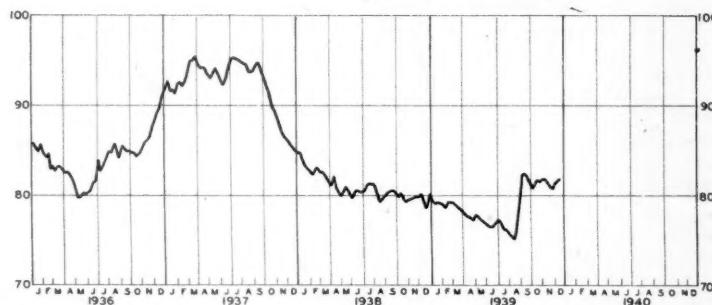


At the close of trading on Friday—the New York Cotton Exchange was closed on Saturday, thus giving members a three-day holiday—active futures were 18 to 22 points lower. Only once during the entire week, early Monday morning, were prices above those of the preceding period.

Especially disappointing to the cotton trade was the sharp drop in unfinished goods business. The abrupt decline in new business was attributed to the decline in raw cotton prices. Unfinished goods prices held unchanged, although at the close of the week offering prices had been lowered on a number of lines.

Because of the holidays and the year-

THE ANNALIST WEEKLY INDEX OF WHOLESALE COMMODITY PRICES (1926=100)



SPOT PRICES OF IMPORTANT COMMODITIES

	Dec. 23, 1939.	Dec. 16, 1939.	Dec. 24, 1938.
Wheat, No. 2 red, c.i.f., domestic (bu.)	\$1.22½	\$1.26	\$0.81½
Corn, No. 2 yellow (bu.)	.72½	.73%	.67½
Oats, No. 2 white (bu.)	.52½	.54%	.40½
Rye, No. 2 Western domestic, c.i.f. (bu.)	.92½	.93%	.62½
Barley, malting (bu.)	.68	.69	.66½
Flour, Spring patents (bbl.)	6.50	6.50	4.45-4.65
Cattle, good and choice heavy steers, average, Chicago (100 lb.)	9.91	9.34	11.59
Hogs, good and choice, average, Chicago (100 lb.)	5.86	5.24	7.60
Beef, Western dressed steers, 700 lbs. and up, good and choice, average (100 lb.)	14.00	14.625	16.38
Hams, smoked, 10-12 lbs. (lb.)	17875	17875	.20
Pork, mutton (100 lb.)	17.75	17.75	25.38
Bacon, No. 1 dry cure, 6-8 lbs. (100 lb.)	18.50	18.50	23.50
Lard, steam Western (100 lb.)	7.75	7.75	7.75-7.35
Sugar, raw, duty-paid (lb.)	.0295	.0295	.0288
Sugar, refined (lb.)	.0470	.0470	.0443
Coffee, Santos, No. 4 (lb.)	.0744	.0740	.078-.08
Cocoa, Accra (lb.)	.06	.0605	.0447-.0452
Cotton, middling upland (lb.)	1.115	.1140	.0882
Wool tops (lb.)	1.185	1.17	.83
Silk, 78% seriplane, Japan, 13-15 (lb.)	4.145	3.86	1.82-1.87
Rayon, 150 denier, first quality (lb.)	.53	.53	.51
Worsted Yarn, Bradford, 2-40s, halfblood weaving (lb.)	1.7375	1.7375	1.36½
Cotton yarn, carded 20-2 warp (lb.)	.30½	.30½	.22½
Printcloth, 38½-inch, 64x60, 5.35 (yd.)	.05½	.05½	.04½
Cotton sheeting, brown, 36-inch, 58x60, 4.00, unbranded double cuts (yd.)	.06½-.06½	.06½	.05
Hides, light native cows, Chicago (lb.)	.15	.14%	.11½
Leather, union backs (lb.)	.38	.38	.33
Rubber, plantation ribbed smoked sheets (lb.)	.2075	.2055	.1650
Coal, anthracite, chestnut (short ton)	5.75	5.75	6.40
Petroleum, crude, at well, Oil, Paint and Drug Reporter avg. for 10 fields (gal.)	1.1845	1.1845	1.11
Gasoline at refinery, Oil, Paint and Drug Reporter avg. for 4 refin'g centers (gal.)	.0529525	.0629525	.04780
Pig Iron, Iron Age composite (gross ton)	22.61	22.61	20.61
Finished steel, Iron Age composite (100 lb.)	2.236	2.236	2.296
Steel scrap, Iron Age composite (gross ton)	17.67	17.67	14.92
Copper, electrolytic, delivered Conn. (lb.)	1.250	1.250	.11½
Copper, export, F. A. S. (lb.)	1.240-.1260	1.250-.1275	.11½
Lead (lb.)	.0552	.0552	.0485-.0490
Tin, Straits (lb.)	.5025	.5075	.46½
Zinc, East St. Louis (lb.)	.06	.06	.04½
Silver, Handy & Harman official (oz.)	.35%	.34%	.42%
Cottonseed oil, crude, bleachable, s. e. immediate (lb.)	.0600	.0600	.06%
Paper, newsroll contract (ton)	50.00	50.00	50.00
Paper, wrapping, No. 1 Kraft (lb.)	.051875	.051875	.0550

*Prices for previous Friday.

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end inventory-taking periods, business in gray goods will be at low ebb for several weeks unless something sensational occurs to upset the usual pattern. In the meantime, domestic cotton mills are operating at top speed and backlogs are dwindling rapidly. Unless there is a substantial increase in gray goods sales early next year, many mills will be forced to curtail operations.

Of a bullish nature is the present trend in exports. Last week 193,000 bales were shipped abroad, a small gain as compared with the previous week, but more than double a year ago. Actual shipments for the season to date total 2,847,000 bales, a sharp gain as compared with 1,831,000 bales last year.

MOVEMENT OF AMERICAN COTTON

(Thousands of running bales; as reported by the New York Cotton Exchange)

	Wk Ending Thursday	Yr.'s Dec. 21, Dec. 14, Dec. 22, Ch'ge. 1939. 1939. 1938. P. C.
Movement Into Sight:		
During week	339	375
Since Aug. 1	9,161	8,822
Dec. 20, 10,013	- 9	
Deliveries During Week:		
To domestic mills	148	175
To foreign mills	*	93
To all mills	*	213
Deliveries Since Aug. 1:		
To domestic mills	4,067	3,919
To foreign mills	1,699	..
To all mills	*	4,789
Exports:		
During week	193	178
Since Aug. 1	2,847	2,654
Dec. 22, 1,831	+ 59	
World Visible Supply (Thursday):		
World total	7,848	..
Week's change	*	- 80
U. S. A. only	6,568	6,570
Dec. 22, 6,395	+ 3	

*Not available.

Export sales, moreover, are sharply higher. Export authorities report that the problem of shipping space is again coming to the front, with cotton piled high in waterfront warehouses awaiting shipment. Germany's latest method of sea warfare—attacking with planes from the air—throws another monkey-wrench into shipping and it is quite possible that ocean freight rates will go still higher.

It is noteworthy that export sales between Dec. 1 and Dec. 15 totaled 1,396,000 bales, according to government figures. In the same period of time actual shipments were about 400,000 bales. It is now quite possible that exports for all of this year will cross the 7,000,000 mark, which would be the largest since the 1933-34 season.

SILK

Speculation in silk reached new peaks last week with all options soaring to the highest levels in a decade. As might be expected, volume of trading was very large despite the fact that on several days trading was almost at a standstill because prices had reached the trading limits at the opening gong.

At Friday's close the December No. 1 contract was \$4.25 1/2, up 29 cents on the week, while the late July contract was \$4.15, up 29 1/2 cents. Prices moved over a wide range during the week as they broke sharply several times on heavy selling. A late rally on Friday, however, caused all options to rise the limit.

The market boomed on Tuesday.

The latest rise in raw silk will bring about further upward revisions in hosiery prices, according to retail trade experts. What effect such advances will have on sales remains to be seen, although the vanity of American women oftentimes goes further than another dime or so added to the price of her stockings. The new hosiery fabric—du Pont's Nylon—is now on the market and volume production is getting under way. This chemical compound may be silk's Waterloo, although Nylon has a very objectionable feature because it feels cold against the skin.

WOOL TOPS

The market was in the doldrums last week with little interest being shown by either speculators or the trade. Even the most active contracts covered a range of

only 26 points all week. At Friday's close prices were as much as 17 points lower. Volume was moderate.

Business in the Boston wool market continued quiet with practically no business transacted. Even a lowering of offering prices failed to stir up sales and holders of goods finally gave up in disgust.

Despite the small volume of new business unfilled orders of woolen mills are large. In the men's wear division orders now total 27,000,000 yards, about the same as a year ago and equal to roughly eleven weeks' output. Unfilled orders of women's wear total 9,000,000 yards, according to the New York Wool Top Exchange, equal to six weeks' production.

RUBBER

Aside from a "squeeze play" in the December option—which rose 35 points last week—rubber futures declined. At the close of trading on Friday the September contract was 18.43, down 27 points, while the March option was 19.10, off 30 points.

Ever since the war broke out the December option has acted better than others. At present it is 200 points above the July contract. Before the war—on Aug. 12, to be exact—the December future was selling for 16.59 and the July was 16.67.

The good performance of the spot month reflects tight supplies in America, while the relatively poor showing of the more distant options reflects prospects for greatly increased shipments. Because the Seven Seas are far from safe—witness the recent naval engagement in the so-called "neutral zone"—we are inclined to believe that the more distant options are selling at too much of a discount as compared with the near-by futures. The sinking of several rubber-laden ships could easily turn the speculative tide in favor of distant contracts.

COCOA

Futures moved over a range of about 20 points last week in fairly active trading. Closing prices were off 5 to 8 points on the average. Because of an extended open interest in the December contract, some "fireworks" appeared likely, but the contract passed out of the picture with no undue happenings.

Many traders in cocoa futures are waiting to see what action England will take regarding the important West African crop. As things stand now Great Britain has control of the entire crop and is paying the native farmers a relatively low price for their product in an effort to prevent any speculative price rise. During the last few weeks, however, the British Ministry of Supply has relaxed the price restrictions on a number of important commodities including copper and tin. Should the same action be taken with cocoa, prices might enjoy a short-lived boom. The course of prices after that cannot be predicted at present.

SUGAR

Prices reached the best levels in two months last week as both trade and speculative sources bought contracts. Contributing to the rally were reports of strong demand from foreign sources, particularly England. It was officially announced that the British Control Board had purchased 60,000 tons of Santo Domingo sugars for 1.40 cents, free on board, and that Cuba had refused a similar price. Later 50,000 tons of Cubans were bought for 1.50 cents. Still more are wanted.

The domestic picture leaves much to be desired. Refined sugar continues to move very slowly despite the fact that the holidays should have brought some increase in demand. Prices are on a feeble base, with many Southern refiners constantly cutting quotations in order to secure business. Any sharp upturn in raws, however, would change the refined situation overnight.

LA RUE APPLEGATE.

COMMODITY FUTURES PRICES

(Grains at Chicago; others at New York)

	Daily Range						Old and New Contracts: Traded week ended Friday, Dec. 22, 653,600 bales; previous week, 1,714,000; year ago, 341,200.
	January	March	May	July	September	December	
Cotton—Old:	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Dec. 18.....	11.19 10.98	11.05 10.78	10.73 10.45	10.37 10.15	10.37 10.15	10.37 10.15	
Dec. 19.....	11.06 10.84	10.86 10.71	10.49 10.35	10.35 10.15	10.35 10.15	10.35 10.15	
Dec. 20.....	10.86 10.80	10.73 10.62	10.34 10.23	9.99 9.86	9.99 9.86	9.99 9.86	
Dec. 21.....	11.05 10.90	10.88 10.68	10.53 10.29	10.07 9.88	10.07 9.88	10.07 9.88	
Dec. 22.....	11.02 10.93	10.93 10.75	10.57 10.40	10.14 10.01	10.14 10.01	10.14 10.01	
Dec. 22, close.....	10.93 10.75	10.75 10.40	10.40 t	10.04 t	10.04 t	10.04 t	
Week's range.....	11.19 10.80	11.05 10.62	10.73 10.23	10.37 9.88	10.37 9.88	10.37 9.88	
Previous week.....	11.45 10.53	11.28 10.24	10.90 9.95	9.95 9.60	9.95 9.60	9.95 9.60	
Week Dec. 24, 1938.....	8.37 8.20	8.43 8.17	8.24 7.98	7.98 7.70	7.98 7.70	7.98 7.70	
Contract range { 11.45 7.29	11.28 7.36	10.90 7.54	10.50 7.63	10.50 7.63	10.50 7.63	10.50 7.63	
range { De.13 Ja.27	De.13 Ap.20	De.13 My.17	De.13 Se.1	De.13 Dec.15	De.13 Dec.16	De.13 Dec.16	
Cotton—New:	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Dec. 18.....	11.24 11.07	10.76 10.55	10.44 9.90	9.67 9.32	9.67 9.32	9.67 9.32	
Dec. 19.....	11.12 11.06	10.94 10.55	10.30 10.25	9.70 9.58	9.70 9.58	9.70 9.58	
Dec. 20.....	10.78 10.46	10.46 10.18	10.10 9.53	9.40 9.45	9.40 9.45	9.40 9.45	
Dec. 21.....	10.63 10.44	10.26 10.11	9.63 9.43	9.50 9.34	9.50 9.34	9.50 9.34	
Dec. 22 close.....	11.13 11.06	10.90 10.59	10.24 t	9.54 t	9.54 t	9.54 t	
Week's range.....	11.12 11.06	10.76 10.40	10.55 10.10	9.90 9.40	9.90 9.40	9.90 9.40	
Previous week.....	11.20 10.83	11.45 10.67	10.94 10.24	9.74 9.53	9.74 9.53	9.74 9.53	
Contract range { 11.20 8.37	8.19 8.19	7.87 7.74	7.90 9.98	8.26 9.74	8.26 9.74	8.26 9.74	
range { De.14 Au.30 De.13 Au.28	De.14 De.13 Se.1 De.13 Se.1	De.13 Dec.15	De.13 Dec.16	De.13 Dec.16	De.13 Dec.16	De.13 Dec.16	
Old and New Contracts: Traded week ended Friday, Dec. 22, 653,600 bales; previous week, 1,714,000; year ago, 341,200.	Dec.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Wheat:	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Dec. 18.....	1.11% 1.06%	1.09% 1.04%	1.07% 1.03%	1.03% 1.02%	1.03% 1.02%	1.03% 1.02%	
Dec. 19.....	1.11% 1.07%	1.08% 1.05%	1.07% 1.02%	1.02% 1.01%	1.02% 1.01%	1.02% 1.01%	
Dec. 20.....	1.08% 1.06%	1.06% 1.03%	1.05% 1.02%	1.02% 1.01%	1.02% 1.01%	1.02% 1.01%	
Dec. 21.....	1.09% 1.06%	1.06% 1.03%	1.05% 1.02%	1.02% 1.01%	1.02% 1.01%	1.02% 1.01%	
Dec. 22.....	1.02% 1.02%	1.02% 1.01%	1.00% 0.98%	0.98% 0.96%	0.98% 0.96%	0.98% 0.96%	
Dec. 23 close.....	1.02% 1.02%	1.02% 1.01%	1.00% 0.98%	0.98% 0.96%	0.98% 0.96%	0.98% 0.96%	
Week's range.....	1.11% 1.06%	1.09% 1.01%	1.07% 0.97%	0.98% 0.92%	0.98% 0.92%	0.98% 0.92%	
Previous week.....	1.07 0.96	0.96 0.94	0.94 0.93	0.93 0.92	0.93 0.92	0.93 0.92	
Week Dec. 24, 1938.....	0.64% 0.63%	0.67% 0.66%	0.67% 0.65%	0.65% 0.63%	0.65% 0.63%	0.65% 0.63%	
Contract range { 1.07 8.37	8.19 8.19	7.87 7.74	7.90 9.98	8.26 9.74	8.26 9.74	8.26 9.74	
range { De.14 Au.30 De.13 Au.28	De.14 De.13 Se.1 De.13 Se.1	De.13 Dec.15	De.13 Dec.16	De.13 Dec.16	De.13 Dec.16	De.13 Dec.16	
Old and New Contracts: Traded week ended Friday, Dec. 22, 653,600 bales; previous week, 1,714,000; year ago, 341,200.	Dec.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Wheat:	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Dec. 18.....	5.56% 5.55%	5.56% 5.53%	5.60% 5.50%	5.39% 5.26%	5.39% 5.26%	5.39% 5.26%	
Dec. 19.....	5.51% 5.52%	5.51% 5.52%	5.60% 5.57%	5.42% 5.26%	5.42% 5.26%	5.42% 5.26%	
Dec. 20.....	5.61% 5.57%	5.61% 5.57%	5.60% 5.55%	5.42% 5.26%	5.42% 5.26%	5.42% 5.26%	
Dec. 21.....	5.67% 5.57%	5.67% 5.57%	5.67% 5.57%	5.52% 5.32%	5.52% 5.32%	5.52% 5.32%	
Dec. 22.....	5.59% 5.58%	5.59% 5.58%	5.59% 5.58%	5.38% 5.22%	5.38% 5.22%	5.38% 5.22%	
Dec. 23 close.....	5.59% 5.58%	5.59% 5.58%	5.59% 5.58%	5.38% 5.22%	5.38% 5.22%	5.38% 5.22%	
Week's range.....	5.58% 5.57%	5.58% 5.57%	5.58% 5.57%	5.38% 5.22%	5.38% 5.22%	5.38% 5.22%	
Previous week.....	5.64% 5.63%	5.64% 5.63%	5.64% 5.63%	5.42% 5.22%	5.42% 5.22%	5.42% 5.22%	
Week Dec. 24, 1938.....	0.64% 0.63%	0.64% 0.63%	0.64% 0.63%	0.52% 0.52%	0.52% 0.52%	0.52% 0.52%	
Contract range { 1.07 8.37	8.19 8.19	7.87 7.74	7.90 9.98	8.26 9.74	8.26 9.74	8.26 9.74	
range { De.14 Au.30 De.13 Au.28	De.14 De.13 Se.1 De.13 Se.1	De.13 Dec.15	De.13 Dec.16	De.13 Dec.16	De.13 Dec.16	De.13 Dec.16	
Old and New Contracts: Traded week ended Friday, Dec. 22, 653,600 bales; previous week, 1,714,000; year ago, 341,200.	Dec.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Wheat:	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	High. Low.	
Dec. 18.....	5.56% 5.55%	5.56% 5.53%	5.60% 5.50%	5.39% 5.26%	5.39% 5.26%	5.39% 5.26%	
Dec. 19.....	5.51% 5.52%	5.51% 5.52%	5.60% 5.57%	5.42% 5.26%	5.42% 5.26%	5.42% 5.26%	
Dec. 20.....	5.61% 5.57%	5.61% 5.57%	5.60% 5.55%	5.42% 5.26%	5.42% 5.26%	5.42% 5.26%	
Dec. 21.....	5.67% 5.57%	5.67% 5.57%	5.67% 5.57%	5.52% 5.32%	5.52% 5.32%		

Canadian Business Activity in Slump During November: War's Effect on Building

In our summary of the various and possible reasons for the stock market's behavior in the last two months, presented last week, foreign sales of securities were neglected. They should not have been omitted because they are undoubtedly a "possible" factor in the market. But an unimportant one in this observer's opinion.

Some indication of the unimportance of foreign selling as an influence on Canadian stocks is revealed in the October report of the Dominion Bureau of Statistics relative to the international trade in securities between Canada and the rest of the world. Sales of Canadian securities by foreigners totaled \$3,227,000 during October. Of this amount, \$1,953,000 or 60 per cent represented common and preferred stocks. In the same month, the value of transactions on the Toronto and Montreal Stock Exchanges exceeded \$40,000,000, so that sales by foreigners came to approximately 5 per cent of total sales on the two leading Canadian exchanges.

This proportion of foreign sales, in the author's opinion, is too small to have exercised any appreciable effect upon Canadian stocks, as a whole, although the effects on individual issues may admittedly have been great. During September, furthermore, the liquidation of alien holdings of Canadian stocks amounted to \$11,400,000 or 14 per cent of the combined value of Toronto and Montreal market transactions. Yet stock prices moved upward sharply. It should also be noted that the value of Canadian preference and common shares purchased from aliens in September exceeded the value sold to foreigners by almost \$4,500,000, whereas purchases and sales were out of balance (in favor of purchases from foreigners) by a mere \$300,000 (i.e., there was an outflow of capital on stock account of that amount).

All in all, the volume of foreign selling of Canadian stocks has not been large enough, at least during October, when stock prices first started to level off, to exercise any important adverse or other effect upon share quotations. During that month, furthermore, the volume of selling was almost offset by the volume of purchasing. And finally, when foreign sales were highest (both gross and net after offsetting purchases), Canadian stocks made their most substantial advance. Incidentally, the comparison of foreign sales with the value of transactions on the organized exchanges should not be taken to mean that all international trade in Canadian stocks took place on the Montreal and Toronto markets. The intention was



to show what the maximum effect would have been had all the reported foreign sales taken place there. Undoubtedly much of the volume has been transacted in New York.

Business reports have been numerous enough to allow the hazard of a preliminary estimate of The Annalist Index of Canadian Business Activity. And the very

preliminary indications point to rather a slump in productive activity last month. The index declined almost 6 points from 79.9 (revised) in October to 92.0 (estimated) in November. In November a year ago the index was 82.5.

Only two of the ten series available so far showed upturns. They were automobile production and copper exports. All

the others lost ground, the chief declines occurring in the export of nickel and of boards and planks, in the cattle slaughter and in building permits. More moderate losses were shown in freight car loadings, electric power output, newsprint production and the hog slaughter. The important iron and steel industry is yet to be heard from.

THE ANNALIST INDEX OF CANADIAN BUSINESS ACTIVITY (Adjusted for seasonal variation and long-time trend)

	Nov. Oct., 1939.	Sept., 1939.	Nov., 1938.
Freight car loadings	72.8	74.8	79.7
Electric power production	91.9	92.2	93.0
Automobile production	188.5	179.5	145.6
Newsprint production	80.2	82.8	75.3
Steel ingot production	141.3	114.3	81.5
Pig iron production	108.2	78.3	53.8
Copper exports	139.8	141.4	136.3
Nickel exports	173.3	206.8	220.5
Cotton production	100.0	95.4	95.1
Rubber imports	139.6	135.3	136.1
Cotton	214.4	105.6	130.0
Flour production	113.3	111.3	77.8
Cattle slaughtered	70.3	106.7	102.8
Hogs slaughtered	181.5	198.5	146.0
Board and plank exports	21.0	136.5	120.7
Building permits	21.0	27.7	21.4
Combined Index	*92.6	*97.9	86.2

*Preliminary. †Revised.

The two important industrial and military metals used in our index showed diverse trends last month. Copper exports totaled 53,752,000 pounds in November, 33,416,000 in October and 56,523,000 pounds in November, 1938. After seasonal adjustment, exports last month were 89 per cent higher than the October figures. Total foreign shipments, however, were 5 per cent below those of November a year ago. Inasmuch as the United Kingdom takes about 65-70 per cent of total copper exports, the natural inference is that Great Britain expanded its imports of Canadian copper during November, but that British consumption was not so great as it was in the same month last year when the United Kingdom was not at war and when shipping hazards were only those of the sea.

Nickel exports were likewise 5 per cent below those of November, 1938. The figures are 20,408,000 pounds in November, 1939, and 21,490,000 pounds in the corresponding month year ago. For October, the total was 22,851,000 pounds. The decline in nickel exports in the last two months is probably more or less a reaction from the record-breaking foreign deliveries of September (26,330,000 pounds). The situation in nickel, of course, is radically different than that in copper. The United States is the most important market when business conditions are favorable. During October, for instance, deliveries to the States accounted for 67 per cent of total nickel exports. The Novem-

Week Ended

Transactions on the Montreal Exchange

Saturday, Dec. 23

STOCK EXCHANGE STOCKS			STOCK EXCHANGE STOCKS			STOCK EXCHANGE STOCKS			STOCK EXCHANGE STOCKS			CURB MARKET STOCKS			CURB MARKET MINING STOCKS				
Sales.	High.	Low.	Last.	Sales.	High.	Low.	Last.	Sales.	High.	Low.	Last.	Sales.	High.	Low.	Last.	Sales.	High.	Low.	
15 Acme Glv pf	55	55	55	125 Dom Tex..	884	884	884	5 Lindsay pf.	44	44	44	55 Zeller's pf.	23	23	23	2 Dom Eng.	40	40	40
115 Agnew..	11	11	11	25 Dom Tx pf.	155	155	155	380 Massey ..	61/2	61/2	61/2	16 Pw Notes..	49	49	49	60 Dom Sq Cp	43	43	43
10 A P Grain..	31/2	31/2	31/2	777 Dryden..	11%	11%	11%	3,736 McCall ..	91/2	91/2	91/2	1,821 Domn A ..	97/8	97/8	97/8	500 Base Met ..	.30	.30	.30
47 A P Grm pf.	37	37	37	22 Electr. Pwr..	95	95	95	63,738 McCall rts.	01/2	01/2	00/2	355 Domn B ..	88/4	88/4	88/4	3,400 Beaufor ..	.11	.11	.11
130 Eng. Co. pf.	16%	16%	16%	28 Electric..	10%	10%	10%	2,111 Mtl Tram..	31	30	30	67 Com ..	168	167	167	500 Bonus Cad ..	.032	.032	.032
25 Ando Tr. pf.	49	49	49	23 Enam & Ht..	21%	21%	21%	50 Mtl Tram..	35	30	30	10 E Dairy pf.	5	5	5	500 Can Cad ..	.12	.12	.12
1,056 Asbes..	28%	28%	28%	3 Eng El b.l..	25	25	25	658 N Brew ..	38	37	38	215 Fairchild ..	7	61/2	61/2	7,600 Cent Cad ..	.15	.13	.10
1,000 Brew..	16	16	16	58 Eng El B..	4	4	4	50 N Brew ..	41	41	41	2,480 Fleet Air..	10	9%	9%	150 Dome ..	.29	.29	.28
1,850 Bathurst..	14%	14%	14%	340 Fam Play..	20%	20%	20%	70 Sti Carp ..	68	68	68	110 Royalair ..	150	181	181	8,775 East Ma ..	3.95	3.70	3.90
300 Bell..	16%	16%	16%	285 Fndtn..	10%	10%	10%	350 Nia Wire ..	26%	25%	26	215 Fairchild ..	21%	21%	21%	3,700 Eldorado ..	1.02	1.00	1.00
3,073 Brazil..	9%	9%	9%	265 Gatineau..	15%	15%	15%	1,087 Noranda ..	75	76	76	1,132 Farneser ..	21%	21%	21%	2,250 Fal Nickel ..	4.10	3.90	3.90
98 B C Pw..	28	28	28	265 Gatineau 5/8% pf	101/2	101/2	101/2	431 Ogilvie ..	34	33	33	1,325 Fisher Vt..	21%	20%	21%	6,800 Francoeur ..	.52	.41%	.52
10 B C Pw B..	5%	5%	5%	19 Gtineau rts.	95	95	95	435 Que Pow ..	16%	16%	16%	4,384 Abitibi ..	2%	195	2%	500 Laramie ..	.02%	.02%	.02%
550 Bldg Pro..	16%	16%	16%	237 G Stl War..	5%	5%	5%	205 Pennman ..	60	60	60	250 Abitibi ..	3%	31/4	3%	2,906 Jim Cons ..	.02%	.03%	.02%
150 Buldo Corp..	23%	23%	23%	237 G Stl War pf.	100%	100%	100%	212 Joliet Dev..	13	13	13	428 Abitibi ..	17%	17%	17%	2,305 Lk Shrd ..	.27	.26	.27
1,275 Can Cem..	8	7	7	2,810 Gurd..	7%	7%	7%	216 Bathurst ..	4%	4%	4%	1,000 MacKen Air ..	.40	.40	.40	300 Macassa ..	4.30	4.00	4.30
65 Can Cem pf	95	95	95	1 Gurd pf..	104	104	104	216 Bc Oil ..	23%	23%	23%	1,800 MacLaren ..	20%	19	20%	400 McWatt ..	.55	.55	.55
35 Can N Pw..	18%	18%	18%	25 Price pf..	77	77	77	216 Bc Pack ..	17	17	17	250 Massey pf..	50	55	59	100 Normetal ..	.62	.62	.62
66 Can S S..	10%	10%	10%	585 Gypsum ..	5%	5%	5%	216 Bc Ind B..	23%	23%	23%	2,025 Obrien ..	1.55	1.48	1.55	7,000 Oto ..	.24	.24	.24
268 Can S S pf..	16%	16%	16%	267 E Bridge..	7%	7%	7%	216 Bc Pow pf..	99%	99%	99%	300 Penn Orellie ..	2.25	2.25	2.25	3,000 Sullivan ..	.70	.70	.70
120 Can Sd Car..	15%	15%	15%	94 Hines ..	14%	14%	14%	41 Can Sug ..	35	34	35	18 Meich ..	1%	1%	1%	1,500 Perron ..	.81	.83	.83
120 Can Sd Car pf..	27%	27%	27%	1,190 How Smith..	20%	21%	21%	45 Sag Pw pf..	107%	107%	107%	290 Meich pf..	6%	6%	6%	3,850 Preston ..	.22	.21	.22
1,065 Cel pf..	29%	29%	29%	45 H. Smith pf..	101%	101%	101%	332 St. C Pw pf..	37%	38%	38%	479 Mitchell ..	15%	15	15	3,925 Sherritt ..	1.24	1.12	1.13
1,213 Smelters..	47%	47%	47%	580 H Bay Min..	32%	32	32	332 St. C Pw pf..	108%	110	110	1 Pow C 2 pf..	42	42	42	22,500 Sladen ..	.58	.44	.57
3,038 Seagram..	21%	21%	21%	1,218 Imp Oil ..	16	15%	15%	440 Sti Pap pf..	47	48	48	50 Provins Tr ..	6	6	6	23,300 Stada ..	.11	.10%	.11
697 Dom Brid..	40%	40%	40%	855 Imp Tob..	15%	15%	15%	512 Shwngn ..	24	23	24	55 Que Tel ..	4%	4%	4%	1,300 Sullivan ..	.70	.70	.70
510 Dom Coal pf..	20%	20%	20%	340 Ind Acp..	25%	26%	26%	512 Sti Tel ..	27	27	27	200 Rel Gra ..	7	6	7	200 Rock R ..	3.95	3.95	3.95
107 Dom Glz..	123	123	123	180 Ind Bus..	21%	21%	21%	512 Sti Wels..	23%	23%	23%	160 Royalair ..	36%	36%	36%	19,800 Wood Cad ..	.18	.17	.18
10 Dom Glz pf..	145%	145%	145%	110 Int Brse pf..	27%	27%	27%	512 Sti Wels..	23%	23%	23%	10 Sangamo ..	29%	29%	29%	100 Wr Hark ..	7.80	7.80	7.80
1,603 Dom S&C B	15%	15%	15%	168 Int Nickel ..	45%	45%	45%	512 Sti Wels..	54	54	54	25 S Bridge ..	6%	6%	6%	400 Anglo Can ..	.92	.91	.91
6,400 Dom Tar..	7%	7%	7%	767 Int Pete ..	23%	23%	23%	512 Sti Wels..	6%	6%	6%	300 City Gas ..	20	20	20	200 Brown ..	.18	.18	.18
5 Legare pf..	8	8	8	750 Zeller's ..	8%	8%	8%	512 Sti Wels..	29	29	29	775 Com Al ..	3%	31/2	3%	6,035 Home ..	2.85	2.70	2.83
				750 Wabasso ..	29	29	29	512 Sti Wels..	31/2	31/2	31/2	1,055 Walkers ..	42%	41%	42%	2,500 Homest ..	.07	.06	.06
				80 Wilsils Ltd..	23%	23%	23%	512 Sti Wels..	31/2	31/2	31/2	314 Walkers pf..	20%	20%	20%	600 Okaita ..	1.20	1.17	1.20

See Page 836 for Unlisted Canadian Quotations

DEC 28

ber figures on shipments of non-ferrous metals to the United States and the United Kingdom were omitted from the latest foreign trade report for some inexplicable reason.

The output of central electric stations last month was another new record. Total current generated amounted to 2,606,821,000 kilowatt hours, as compared with 2,589,566,000 in October and 2,375,196,000 kilowatt hours in November, 1938. The gain over a year ago was almost 10 per cent. Included in these figures were exports to the United States and deliveries of secondary power to electric boilers (used largely in the newsprint industry) which amounted to 155,246,000 and 634,114,000 kilowatt hours, respectively. After seasonal adjustment, the November output (less exports) rose very slightly. In fact, the advance was too small to offset the effect of our calculated long-term trend (which for power rises sharply). Thus, our index fell slightly.

The building situation continued to deteriorate, judging from the November building permits report. Total permits granted in fifty-eight cities amounted to \$4,149,000, as compared with \$5,612,000 in October and \$4,687,000 in November, 1938. Last month's total was 26 per cent below that of the preceding month and 12 per cent below that of the corresponding month of a year ago. For the first eleven months of 1939, total permits issued by these same fifty-eight cities came to \$53,688,000, or 7 per cent lower than the \$57,434,000 of permits granted in the first eleven months of 1938. As far as can be made out from the latest figures (the details are not available at the time of writing), the recession in building has been general, affecting all classes of construction.

Thus far the construction industry in failing to share in the industrial recovery of the last three months is acting according to Hoyle. For war not always stimulates the volume of construction work done. Rather the usual effect is to produce a shift from the less essential types of building to the more needed ones. Thus, some expansion in industrial plant should most likely occur in the near future. Not all industries will expand in this way. Cer-



tainly we may not expect any addition to the number of candy factories. But in the construction of airplane factories, etc., there will certainly be a marked gain. This gain will certainly be at the expense of residential construction, unnecessary public works, churches, hotels, theatres, office buildings, etc.

That the present constriction in building activity has some historical parallel is evident from the record of the last war years. In 1914 total construction contracts amounted to \$242,000,000. In 1915 they fell to \$84,000,000, then rose to \$99,000,000 in 1916, declined slightly to \$95,000,000 in

1917, and rose again to \$100,000,000 in 1918, whence they reached \$190,000,000 the following year. If the present war lasts a long time a backlog of residential and other kinds of construction will have been built up which will be the basis of a peace-time expansion in business activity when the war finally ends.

The present building situation, however, differs from the one that obtained twenty-five years ago. In all probability, the precipitate drop, such as occurred between 1914 and 1915, will not occur this time because (1) the volume of construction in the last seven or eight years has been

Toronto Stock Exchange DAILY CLOSING AVERAGES

	20	15 West	10	20	10 Pulp	15
Industrials.	Golds.	Oils.	Utilities.	Industrials.	Paper.	Golds.
Dec. 20.	125.8	117.8	30.7	68.0	90.8	147.3
Dec. 21.	126.5	118.6	30.7	67.8	91.2	146.5
Dec. 22.	126.2	118.5	31.2	68.2	91.2	146.4
Dec. 23.	126.5	119.4	31.1	68.0	91.3	146.9
Dec. 25.	Holiday					

SHARES SOLD

	Week Ended	Dec. 23.	Dec. 24.	Week Ended	Dec. 23.	Dec. 24.
	1939.	1938.		1939.	1938.	
Monday	514,000	937,000		55,772	211,200	
Tuesday	362,000	627,000		47,984	115,900	
Wednesday	320,000	835,000		46,694	103,000	
Thursday	292,000	573,000		50,439	81,100	
Friday	475,000	496,000		53,256	98,000	
Saturday	235,000	260,000		16,900	38,600	
Total	2,198,000	3,728,000		271,045	647,800	

Montreal Stock Exchange DAILY CLOSING AVERAGES

	10	20	10 Pulp	15
Utilities.	Industrials.	Paper.	Golds.	
Dec. 20.	68.0	90.8	147.3	95.3
Dec. 21.	67.8	91.2	146.5	94.4
Dec. 22.	68.2	91.2	146.4	95.4
Dec. 23.	68.0	91.3	146.9	94.9
Dec. 25.	Holiday			

SHARES SOLD

	Week Ended	Dec. 23.	Dec. 24.	Week Ended	Dec. 23.	Dec. 24.
	1939.	1938.		1939.	1938.	
Monday	514,000	937,000		55,772	211,200	
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Saturday	235,000	260,000		16,900	38,600	
Total	2,198,000	3,728,000		271,045	647,800	

Week Ended

Transactions on the Toronto Stock Exchange

Saturday, Dec. 23

CANADIAN STOCKS
INQUIRIES INVITED

A. E. AMES & CO.
INCORPORATED
TWO WALL STREET - NEW YORK

STOCK EXCHANGE STOCKS

STOCK EXCHANGE STOCKS

Sales.	High.	Low.	Last.	Sales.	High.	Low.	Last.
2,895 *Abitibi... 200	185	200	185	60 Can Brd A. 104	104	104	104
4,785 *Abitibi... 161	156	161	156	1,200 Can Cem... 94	94	94	94
2,100 *Aldo G... 23	23	23	23	10 Can Oil pf 94	94	94	94
12,414 *Algo Grain pf 37	36	36	36	30 C C M pf 104%	104%	104%	104%
34,475 *Aldermac. 42	35	35	35	634 Can Maltz... 37%	36%	37%	37%
430 Algoma Stl. 17	16	16	16	80 Can N Pw. 18	18	18	18
10 Algom St pf 95	95	95	95	295 Can Packrs. 103	102%	103	103
10,660 *Amm Gold. 5	4%	4%	4%	40 Can P Mrt. 143	145	145	145
8,850 *Anglo Cdn. 96	90	93	93	146 Can Steam. 6	5	5	5
2,000 *Anglo Hu. 240	233	233	233	45 Can Stm pf 164	157%	164%	164%
17,000 *Anglo Ind. 10	9	9	9	5 Can Br. W 184%	184%	184%	184%
1,100 *Anglo Shipy. 5%	5%	5%	5%	272 Cdn Baks pf 62	60	61	61
8,000 *Astoria Que. 3	3	3	3	508 Cdn Brs. 132	120	120	120
8,334 *Aunor... 220	220	220	220	265 Cdn Brs. 23	22%	23%	23%
2,125 *Bankfield. 22	19	20%	20%	198 Cdn Br. Cn. 165	165	165	165
1 Bank Mont. 210	210	210	210	25 Can Brd. 94%	94%	94%	94%
2 Bank Tor. 22	19	20%	20%	35 East Stl. 18%	17%	18%	18%
2,754 *Banting. 2274	2574	2574	2574	20 Thef pf. 99%	99	99	99
1,200 *Bant Met. 34	23	28	28	375 Easy Wash. 3%	2%	3	3
235 Bath Pw. A. 14%	14%	14%	14%	12,022 Extende... 22%	22	22	22
235 Bath Pw. B. 14%	14%	14%	14%	4,000 Extende... 22%	22	22	22
4,100 *Bath Eng. 6	6	6	6	3,775 Falcon... 41%	39	39	39
9,500 *Bentall G. 105	101	105	105	125 Fanfare... 1%	1%	1%	1%
100 Beatty A. 5	5	5	5	12,000 Fed Kirk. 3%	3%	3%	3%
119 Beaumaris 5%	5%	5%	5%	1,500 Fernand... 3%	3%	3%	3%
243 Bell Tele. 165	165	166	166	12,000 Gen Elec. 3%	3%	3%	3%
9,075 *Bidegood K. 13	11	13	13	150 Gen Car. 15%	15%	15%	15%
7,373 *Big Misso 14	13%	13%	13%	11,350 God's Lak. 64	60	60	60
40 Blitmore... 10%	10%	10%	10%	3,800 Goodl... 15%	15%	15%	15%
20 Blue Rib. pf 37%	36%	37%	37%	25,000 Golden Eagle... 20%	20%	20%	20%
4,175 *Cant Pac. 243	233	243	243	48,900 Golden... 20%	19%	20%	20%
2,557 Capravone. 114	107%	111	111	100 Goodyear. 70%	70%	70%	70%
4,293 Brazil Tr. 92	94%	94%	94%	150 Goodyear pf. 57%	54%	54%	54%
9,500 *Chem Rec. 60	57	53	53	25,000 GoodyearPw. 15%	15%	15%	15%
2,311 B C Pw. A. 28	28	28	28	25,900 Hallsw Sw. 2%	2%	2%	2%
1,500 *Brit Dmfl 13	13	13	13	4,500 Hallwell... 2%	2%	2%	2%
102,450 *Broulan. 52	50%	58%	58%	4,500 Hallwell... 2%	2%	2%	2%
5,800 *Brown Oil. 19	17	18%	18%	4,500 Hark... 5%	5%	5%	5%
950 *Bullard. 322	295	295	295	170 Cockshutt. 9%	9%	9%	9%
1,000 *Buff Cdn. 29	28%	29%	29%	2,800 Heddy Mast. 51	51	51	51
4,458 *Conlour... 177	161	170	170	2,800 Heddy Mast. 51	51	51	51
135 Cons Smelt. 18	17%	18%	18%	2,800 Heddy Mast. 51	51	51	51
2,812 Cons Smelt. 174	174	176	176	2,800 Heddy Mast. 51	51	51	51
645 Build Prod. 17	16%	17%	17%	170 Nat Gras... 38%	38%	38%	38%
1,160 Burlington S. 14	13%	14%	14%	170 Nat Gras... 38%	38%	38%	38%
3,395 *Calgary & 220	210	215	215	170 Nat Gras... 38%	38%	38%	38%
2,400 *Calmont. 39	37	39	39	170 Nat Gras... 38%	38%	38%	38%
225 Can Bread. 5%	5%	5%	5%	156,000 *Newbec... 3%	2%	2%	2%
2,350 *Davies Pet. 26%	26	26	26	15,000 *Newbec... 3%	2%	2%	2%

*Quoted in cents.

very low, very subnormal, and (2) no large army is to be sent abroad (at least, that is the plan so far), with its important effects on the population, marriages, births and the demand for housing and other kinds of construction (recreational, educational, etc.).

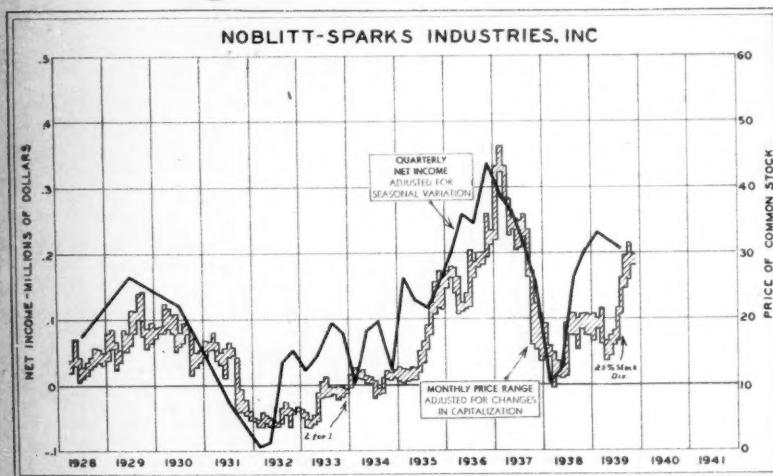
Much of financial Canada enjoyed a three-day holiday last week. The markets were consequently as lethargic as usual around Christmas time. There were practically no changes in stock and bond prices, although some of the provincial bonds sold lower. Commodity prices continued their strong advance, and car loadings their slow decline.

S. L. MILLER.

DOMINION BOND PRICES AND YIELDS
(Based on Opening Bid Prices)
	Long Term	Short Term	Average	Long Term	Short Term	Average	Yields
	Long Term	Term	Term	Long Term	Term	Term	Term

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Noblitt-Sparks Admitted to the List; Oil Company Earnings and Other News



expanded at a much faster rate than sales for the entire automobile equipment industry. As is shown in the table below, sales in 1937 were 90 per cent above the 1929 level, while sales of the industry were 2 per cent below. Last year the company experienced a greater-than-average sales decline, but this was largely because of a severe drop in sales to jobbers.

NOBLITT-SPARKS SALES

Years Ended Dec. 31:	*Nob.-Sp. Sales 1929-1930.	Industry Sales 1929-1930.
1928.....	\$2,901	54.1
1929.....	5,362	100.0
1930.....	4,362	100.0
1931.....	2,467	54.1
1932.....	2,349	54.1
1933.....	3,061	54.1
1934.....	5,370	100.0
1935.....	7,760	102.3
1936.....	9,353	106.0
1937.....	10,195	107.0
1938.....	5,124	106.0
1939*.....	6,750	125.9

*In thousands. **In millions as reported by the Motor and Equipment Manufacturers Assn. *Estimated.

For the nine months ended Sept. 30 the company reported net profits of \$512,000, or \$2.16 a capital share, compared with \$46,000, or 20 cents a share, in the comparable period of last year. Earnings for all of this year should total about \$900,000, or \$3.78 a share. In the first nine months of this year the company reported profits equal to 12 per cent of sales, the highest ratio since 1929, compared with 7.6 per cent last year. Based on estimated sales and earnings, the 1939 ratio will be over 13 per cent, which would be the best ever shown, reflecting larger sales and lower unit costs.

Dividend Record

Noblitt-Sparks has a steady but conservative dividend record. In the six years ended with 1938 the company earned a total of \$20.83 on the new common stock but paid dividends of only \$7.85. A 100 per cent stock dividend, however, was paid on Jan. 2, 1934. Current policy is more liberal, with 1939 payments aggregating \$3 a share plus a 25 per cent stock dividend.

The conservative dividend policy has permitted the company to expand its properties whenever needed without incurring any funded debt. With the exception of about \$600,000 obtained in 1929 and \$1,300,000 in 1937—both through the sale of additional shares to stockholders—the company has financed all additions through working capital. On Sept. 30 cash alone totaled \$2,755,000, the largest in history and equal to almost \$12 a share of stock outstanding.

LA RUE APPLEGATE.

Noblitt-Sparks Industries, Inc.

(Thousands)

Years Ended Dec. 31:	Sales.	Depreciation.	Oper. Income.	Federal Taxes.	Net Income.	*Earned a Share.	*Dividends a Share.	PC. Net to Sales.
1928.....	\$2,901	\$30	\$376	\$51	\$295	\$2.46	\$0.50	10.2
1929.....	5,362	57	802	67	676	4.50	1.13	12.6
1930.....	4,362	61	625	67	497	3.47	1.90	11.3
1931.....	2,467	..	..	..	d100	d0.66	d1.50	d4.0
1932.....	2,349	99	12	..	d86	d0.56	d0.20	d3.7
1933.....	3,061	..	323	42	240	1.60	0.25	7.8
1934.....	5,370	..	427	51	303	2.02	0.65	5.6
1935.....	7,760	102	758	106	558	3.72	1.28	7.2
1936.....	9,353	106	1,451	311	1,044	6.57	3.68	11.1
1937.....	10,195	107	1,240	236	926	4.85	3.00	9.1
1938.....	5,124	106	516	88	394	2.07	1.00	7.6
1939*.....	6,750	..	..	..	900	3.78	3.00	13.3

Dec. 31:	Invested Capital.	% Earned on Cap.	Net Property.	Cash and Equivalent.	Working Inventory.	P. & L. Capital.	*Units Delivered.
1928.....	\$863	34.1	\$415	\$127	\$429	\$226	299
1929.....	1,794	37.6	643	573	462	1,277	550
1930.....	2,112	23.8	720	863	237	1,175	833
1931.....	1,524	65.8	728	106	240	622	532
1932.....	1,439	60.0	652	268	142	607	430
1933.....	1,676	14.3	565	266	365	898	691
1934.....	1,810	16.7	596	169	416	954	825
1935.....	2,179	25.5	706	777	771	1,256	1,199
1936.....	3,023	34.5	723	161	1,083	1,099	2,215
1937.....	4,681	19.7	776	1,336	1,640	3,582	2,053
1938.....	4,875	8.1	691	2,323	795	3,738	2,248

*Adjusted for 2-for-1 stock split on Jan. 2, 1934. **Actual by years. *Estimated. dDeficit.

On Dec. 11, the New York Stock Exchange admitted to the list 237,500 shares of the \$5 par capital stock of Noblitt-Sparks Industries, Inc. The shares had been traded previously on the Chicago Stock Exchange, where they were first listed in 1928.

Noblitt-Sparks, originally a manufacturer of small pumps and tubing, is now one of the more important makers of automobile accessories and parts. Among its products are the Arvin automobile radios and hot water heaters, home radios and electric heaters.

Generally speaking, the largest portion of the company's business consists of items made from seamless tubing: Exhaust pipes, tire pumps, oil filler tubes, radiator outlet pipes, mufflers, gasoline tank filler tubes, horn tubes, body insulator sleeves, crank case ventilator tubes, etc. Other items include hub caps, rear vision mirrors, ignition conduits, engine support mountings, seat frame parts, jacks and coupler frame housings.

A large part of the annual sales are to Ford, Plymouth and Chevrolet. Noblitt-Sparks also supplies one or more standard parts for almost all other General Motors and Chrysler cars and trucks. Among the independent motor car manufacturers, Studebaker and Hudson are ranked as the best customers.

Two Sales Divisions

Merchandising is handled by two separate sales divisions. One department sells exclusively to the car and truck manufacturers while the other sells "Arvin" products to about 600 jobbers in the United States. These jobbers distributed through more than 40,000 dealers in 1938.

Last year about 63 per cent of total sales were made directly to the automobile industry while the balance was sold through jobbers. In 1937, the ratios were 60 and 40 while in 1936 they were 55 and 45. These figures indicate that the company is tending toward an original equipment manufacturer, in which case its annual sales would depend directly upon the state of the automobile industry and any changes in contracts that might take place. This trend has been accentuated this year through a trial order for Arvin auto heaters as original equipment. Prior to this time, auto heaters and radios were only sold through jobbers.

Short Term Contracts

In its listing application, the company states that "the business with automobile and truck manufacturers is done generally on short term contracts or orders as is customary in the automotive parts industry." While the company admits that it has no definite assurances that its principal customers will not buy elsewhere, it adds that "the company has had dealings with its principal customers for a number of years and, as far as is known, the relationships have been mutually satisfactory."

Virtually all of the products sold directly to the automobile industry are manufactured wholly in the company's plants. Of the products sold through jobbers some parts are bought from other manufacturers. Certain products are manufactured under license and royalty agreements. Last year the company paid royalties of about \$43,000 and received royalties of \$2,687.

Over the last dozen years sales have

Management

Q. G. Noblitt, president of the company, was one of the three founders of the Indianapolis Air Pump Company in 1919. When this partnership was succeeded by the Indianapolis Pump and Tube Company he was elected president. He has been the head of the present company since its inception on Dec. 31, 1921.

On Oct. 2 of this year Mr. Noblitt held 14,250 shares of the company's stock. This amount is the largest held by any one person or firm, but is still only 6 per cent of the total.

The other founder, Mr. Sparks, is no longer active, although he still holds a substantial stock interest. Harlan B. Foulke, now vice president and director, has worked his way through the ranks as he joined the company as a salesman in 1927. Glenn W. Thompson, the other vice president, has followed a similar path since he joined the company in 1924 as a salesman.

Considering total net sales and profits, salaries are moderate. Last year Mr. Noblitt received \$36,000. Each of the vice presidents received \$11,000. A monthly bonus plan based on net profits is in operation.

In the first week of September the company employed 1,053 persons, compared with an average of 838 in the first half of this year. The company describes its labor relations as "harmonious." According to usually reliable reports, the company has not had any serious labor trouble for a number of years.

Current Operations

Because of the prosperous state of the automobile industry, sales and profits for all of this year will compare favorably with results achieved in 1938. In the first nine months sales totaled \$4,279,000, almost equal to all sales made in 1938. Based on trade reports and the fact that the fourth quarter is usually the best for the company, sales for all of 1939 will total about \$6,750,000, a gain of 32 per cent, contrasted with volume in 1938.

Oil Company Earnings

EARNINGS of the Shell Union Oil Corporation in the third quarter were the largest for any third quarter since 1937, despite a decline in total sales. After allowance for seasonal variation profits were substantially above those of the second quarter but below those for the first quarter.

In the nine months ended Sept. 30 the company reported total revenues of \$184,576,000, a decline of 4 per cent, compared with sales in the comparable period of 1938. Net income totaled \$6,711,000, or 41 cents a common share, compared with \$8,044,000, equal to 61 cents a share, in the first nine months of last year.

Third-quarter profits totaled \$4,548,000, a gain of almost 30 per cent, compared with the corresponding period of last year. Sales were \$65,972,000, compared with \$67,979,000.

The company sold \$85,000,000 in 2½ per cent debentures in midsummer. The proceeds were used to retire \$57,427,000 in 3½ per cent debentures, due 1951, and \$25,000,000 in 3% per cent debentures, due 1953. All of the latter issue was owned by the Equitable Life Assurance Society.

The company is now involved in an extensive modernization and expansion program. The Shell Oil Company, a subsidiary, is spending \$8,000,000 on its Wood River, Ill., refinery and \$1,125,000 on a natural gas plant in Texas. Work has also begun on a new natural gasoline extraction plant in Arkansas.

The parent company is one of about forty major oil companies which have been indicted on charges of conspiring to control prices in violation of the Sherman Anti-Trust Act.

The table gives important items from the annual reports of the company since 1929. Similar figures, going back to 1924, were published in THE ANNALIST of Oct. 23, 1936.

Net profits of the Atlantic Refining Company in the September quarter, after allowance for seasonal variation, were the

smallest in exactly one year. The decline reflected a less than seasonal rise in sales, together with substantially higher taxes and increased expenditures for development.

In the first nine months of this year the company reported total sales of \$92,351,000, a decline of 1.6 per cent, compared with sales in the corresponding months of last year. Net income in the first three quarters was \$3,124,000, a drop of more than 20 per cent, compared with profits in the comparable period of last year. Common share earnings were \$1.01 and \$1.31, respectively.

Atlantic Refining has an interest in the Shell Union natural gas extraction plant which is being constructed in Magnolia Field, Ark.

Important items from the annual reports of the company since 1929 were given in the issue of July 6, 1939.

Despite a high level of sales, profits of the Phillips Petroleum Company in the third quarter of this year, after adjustment for seasonal variation, were the smallest since the final period of 1938. Like most other oil companies, the decline reflects high operating costs, increased development expenditures and excessive taxes.

Gross sales in the first nine months were \$82,477,000, or about \$1,000,000 less than in the corresponding months of 1938. Net profits for the period totaled \$5,479,000, or \$1.23 a common share, compared with \$9,472,000, equal to \$2.13 a share, in the corresponding period of last year.

Frank Phillips, president of the company, recently announced that the fourth quarter would be the best of the year. Normally, the third quarter produces the largest portion of the year's net profits. Any improvement shown in the final three months, therefore, would be counter-seasonal.

Important items from the annual reports of the company since 1927 were given in the issue of March 22, 1939.

INDUSTRIALS

Figures in Parentheses Give Date of Last Previous Item

Allis-Chalmers—See item under International Harvester.

American Woolen (11-23-39)—Company announced an upward revision in hourly and piece rates of workers of from 7 per cent to 10 per cent, effective Feb. 5, 1940.

A \$402,000 contract has been received for overcoating for the CCC.

Armstrong Cork (8-24-39)—Company has placed in effect a reduction of 10 per cent in prices of marble and inlaid linoflor.

Arundel Corporation—Company announced that new contracts received since beginning of current year were \$14,296,351. Contract work on hand was \$14,415,424, compared with somewhat under \$9,000,000 at this time in 1938.

Aviation Corporation (12-14-39)—Vultee, subsidiary, has filed with SEC a registration statement covering proposed sale of 300,000 shares of capital stock at \$10 a share.

Estimated gross proceeds of \$2,550,000 would be used in part for the following purposes: \$416,000 for new buildings and additions to present buildings, \$300,000 representing estimated amount of advance received from Aviation Manufacturing Company prior to the completion of the financing, and \$232,000 for completion of production, engineering and tooling for unfilled orders from the Army Air Corps.

Baldwin Locomotive (12-14-39)—War Department has announced that company has received a contract for gun mounts valued at \$1,114,454.

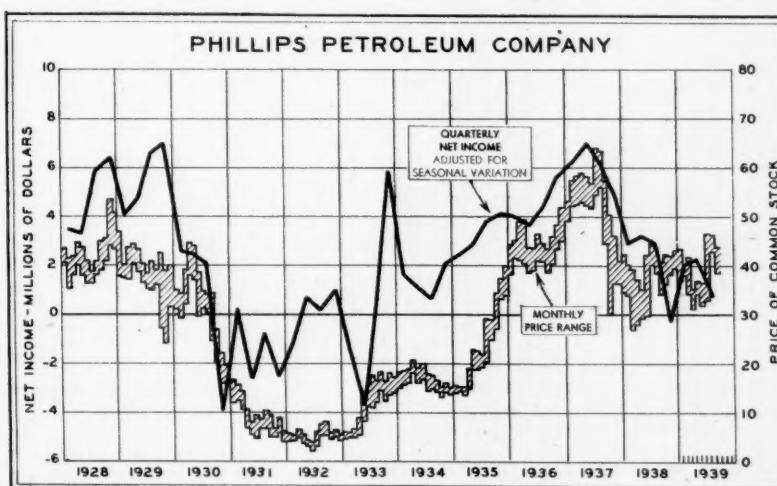
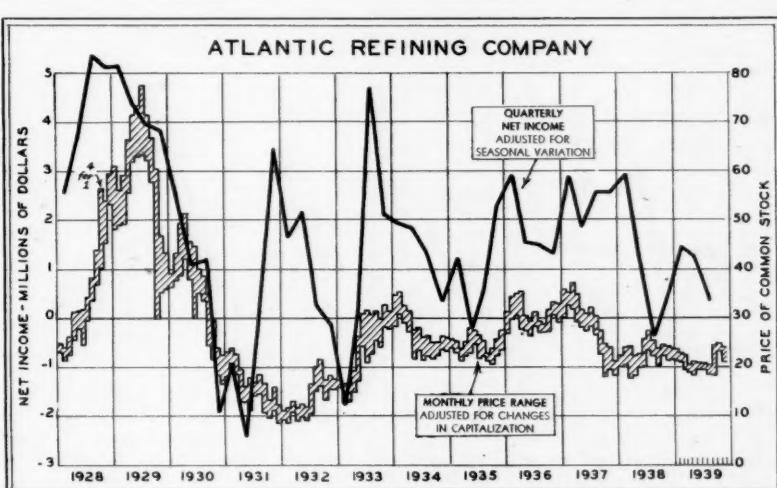
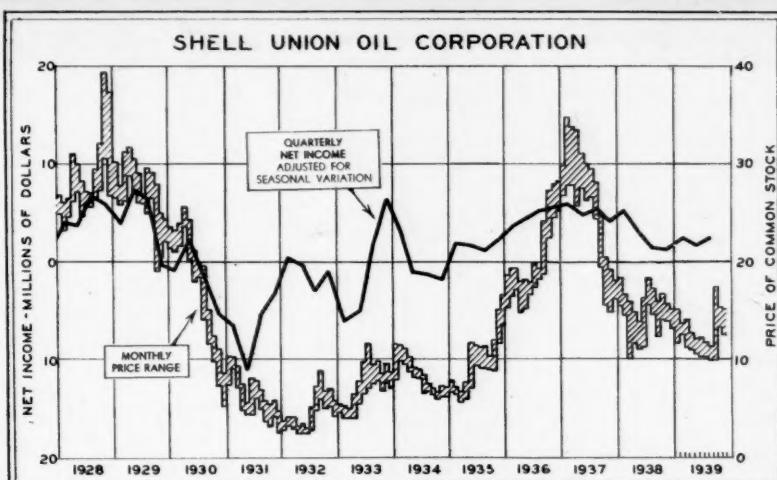
Bethlehem Steel (12-14-39)—Navy Department has announced award of \$304,700 contract to Bethlehem Steel Company, subsidiary, for three double hangars.

Brewster Aeronautical (5-10-39)—Forty-four of a navy order for fifty-four Brewster planes have been diverted to Finland. Ten of the ships already have been delivered to the navy, which would take an improved type at a later date for the remainder called for in the contract. Company has booked a \$2,700,000 order from Belgium.

Budd Wheel (11-23-39)—Order for shells valued at \$375,998 has been placed with this company by ordnance division of War Department.

Calumet & Hecla (7-13-39)—Company announced wage increase approximating 10 per cent to take effect Jan. 1, 1940, for 1,500 employees.

Champion Spark Plug—Company has been served by Federal Trade Commission with



Shell Union Oil Corporation										
Years Ended Dec. 31:	Gross Income.	Operating Income.	Depreciation and Deprec.	Net Income.	Earned a Share.	Common Divs.	Surplus After All Divs.	Common Divs.	Price of Common Stock	P. & L. Surplus.
1929	\$240,297	48,198	46,700	\$5,096	\$12.74	\$10.56	\$9,149	.....	.....	.....
1930	177,583	24,732	45,344	\$27,008	\$67.52	\$22.23	.....	.....	.....	.....
1931	161,125	32,710	31,665	660	1.65	\$0.12	.....	.....	.....	.....
1932	167,011	28,610	29,448	\$4,240	\$10.60	\$0.49	.....	.....	.....	.....
1933	186,708	31,797	30,986	\$1,354	\$13.38	\$0.27	.....	.....	.....	.....
1934	202,169	40,993	33,848	6,813	18.37	0.37	.....	.....	.....	.....
1935	231,698	54,155	34,298	19,655	57.22	1.35	.....	.....	.....	.....
1936	260,308	59,832	37,518	20,669	60.59	1.44	13,071	5,719	.....	.....
1937	252,631	54,483	40,147	11,318	33.18	0.72	9,149	233	.....	.....
	Invested Capital.	% Earned on Capital.	Net Property.	Cash.	Inventory.	Working Capital.	Current Capital.	P. & L. Surplus.		
Dec. 31:	\$455,316	3.9	\$332,178	\$8,298	\$56,605	\$105,005	4.51	\$35,266		
	442,726	d1.2	338,916	6,680	54,643	73,470	3.58	18,821		
	415,751	d6.5	306,598	12,378	37,595	70,281	4.03	12,501		
	384,863	0.2	285,784	10,926	37,856	59,651	3.91	12,840		
	370,213	d1.1	270,029	6,772	37,414	56,784	3.60	17,081		
	342,254	d0.4	260,050	8,101	36,055	39,069	2.63	18,435		
	326,749	2.1	261,648	9,197	35,135	41,354	2.33	3,420		
	342,197	5.7	262,438	9,850	38,759	52,628	2.70	11,579		
	349,056	5.9	269,950	15,764	49,632	54,900	2.76	17,350		
	370,252	3.1	262,820	39,127	47,057	84,619	3.91	17,662		
	d Deficit.									

a complaint alleging violation of the Robinson-Patman and Federal Trade Commission Acts. Price discrimination, unlawful payment of compensation for "special sales services" and unfair resale price agreements with distributors and dealers in restraint of trade, were charged.

Chrysler (12-14-39)—Air-temp division of this corporation will add to its line of "pack-

aged" air-conditioning equipment by introducing several units in varying sizes for private and commercial use. All of the smaller sizes will be self-contained, requiring only an electric outlet.

Climax Molybdenum (11-30-39)—State Department has extended its "moral embargo," previously limited to exports of airplanes and parts to nations bombing civilian popu-

lations, to include molybdenum exports.

United States produces 92.5 per cent of the world's molybdenum and 85 per cent of domestic production is mined by the Climax Molybdenum Company from deposits in Colorado.

Consolidated Aircraft (12-21-39)—Contract has been awarded by Navy Department to this company for airplanes totaling \$20,016,690.

Douglas Aircraft (12-21-39)—Officials of this company were quoted as stating that discussions had been started with British Air Ministry on a possible \$40,000,000 order for a new type of 400-mile-per-hour light attack bomber.

Electric Boat (12-21-39)—Company announced that the twenty-three fast motor torpedo boats and motor boat submarine chasers to be built for Navy Department will be constructed at a new plant to be erected at the Elco Works, a subsidiary, in Bayonne, N. J.

Ford Motor (12-21-39)—This company is assembling its new tractor at a rate of 175 daily, five days a week, and new orders are continuing to exceed production. Unfilled orders now are "of very substantial proportions."

General Electric (12-14-39)—Special Federal grand jury in Detroit indicted the three largest corporations in the United States engaged in distribution and sale of electrical supplies, along with ten Detroit wholesale houses and nineteen individuals, on a charge of conspiracy to violate the antitrust laws through price fixing.

Corporations named were General Electric Supply Company, distributing agency for this company; Westinghouse Electric Supply Company, distributing agency for Westinghouse Electric and Manufacturing Company, and Graybar Electric Company of New York.

General Motors (12-21-39)—Domestic retail Buick deliveries in first ten days of December, 1939, showed an increase of 30.5 per cent over same 1938 period and retail deliveries of new Pontiac cars a gain of 24.6 per cent.

Hoe & Co. (12-21-39)—Bookings of new business in first ten weeks of current fiscal year were close to \$1,500,000, of which newly established industrial division contributed over \$500,000. In same period of 1938 bookings were \$552,000. Unfilled orders have risen to a little more than \$1,700,000, against about \$750,000 at this time a year ago.

Hudson Motor Car (12-14-39)—Domestic and export sales of Hudson cars in two weeks ended Dec. 16 amounted to 4,450 units. United States retail sales during period were 78 per cent ahead of a year ago, and were at the highest mid-December levels since 1936.

International Business Machines (12-7-39)—Company has retired \$1,000,000 principal amount of its issue of \$10,000,000 3 per cent debentures, due 1946, which is held by the Prudential Insurance Company of America.

International Harvester (10-12-39)—Company is understood to be about ready to start production of a new four-foot combine to sell competitively with the forty-two-inch machine, priced at \$375, put on the market by Allis-Chalmers Manufacturing Company. Harvester's smallest combine is a six-foot machine which sells for \$725. It is expected the company will place this small combine on the market in early part of 1940.

International Shoe (11-9-39)—War Department has announced award of contracts to this company for 40,000 pairs of garrison shoes at \$3.92 a pair, totaling \$156,800; and 40,000 pairs at \$3.97 a pair, amounting to \$158,000.

Jones & Laughlin (12-14-39)—Company will start operation of another blast furnace at its Pittsburgh plant, putting pig iron and ferro-manganese production on a capacity basis. With the addition, company will be operating all its eleven blast furnaces at Pittsburgh and the Aliquippa (Pa.) works.

La France Industries—Because technical difficulties had delayed completion of a \$600,000 RFC loan, Federal Judge Kirkpatrick, Philadelphia, has postponed date for bondholders, stockholders and creditors of La France Industries to vote on amendment 7B plan of reorganization from Jan. 22 to Feb. 6 and changed date for a hearing on final confirmation of the plan from Jan. 29 to Feb. 13, 1940.

Mager Car—Company has received an order from United Fruit Company for seventy-seven flat cars.

McKesson & Robbins (7-28-39)—Sale of ten parcels of real estate in eight States and carried at net depreciated value of \$435,000 is planned.

Mengel (9-14-39)—Directors have voted to defer consideration of payment of dividend due Dec. 31, 1939, on 5 per cent first preferred stock until March 15, 1940, by which time stockholders would have taken action to eliminate deficit in earned surplus account. Last payment on first preferred was \$1.25 a share on Dec. 31, 1938. Final quarter net is expected to exceed \$130,000.

Midvale (12-7-39)—President said company is proceeding with an extensive improvement and expansion program. Working force Dec. 1 totaled 3,277, against 2,333 a year earlier.

Nash-Kelvinator (11-30-39)—Retail deliveries of Nash cars in first ten days of December totaled 1,756 units. This was 45 per cent greater than in corresponding period of

Continued on Page 830

Dividends Declared

Since Previous Issue
of The Annalist

and Awaiting Payment

Regular		Hldrs. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.		Hldrs. Company. Rate. riod. able. Rec.			
Address-Multigr.	.25c	Q	1-10	12-27	Fixed Tr B.	.219821c	Q	12-31		Pick (Albert) Inc	\$1.05	Q	1-2	12-20	Young (J S)	.150	Q	1-2	12-22	Nicholson File	.80c
Affiliat Fund Inc.	.6c	Q	1-15	12-30	Frankford Tr (Phila) P.	.10079c	Q	12-31		Phila Tren R.	\$2.50	Q	1-10	12-30	Young (J S)	.75c	Q	1-2	12-22	North & Judd Mfg Co	.40c
Ala Fuel & Ir Co.	.20c	Q	1-2	12-20	Frick Co	6% pt.	Q	1-2	12-20	Plainsfield Cos G Co.	.81	Q	12-23	12-30	Ohio Leather Co.	.40c				Ohio W P Co	.75c
Allegh Val B (Pitts)	.25	S	12-22	12-20	Fuller Brush Co.	.75	Q	1-2	12-20	Plainfield Union Wt Co	.81	Q	1-2	12-23	Oneida Ltd.	.50c				Oswego Falls Corp.	.20c
Allentown U B (Pa.)	\$3.50	Q	1-2	12-30	Fulton Tr Co NY	.25	Q	1-2	12-26	Plymouth Rub 76	.51.75	Q	1-15	12-18	Pac G & Fert Co.	\$.140				Persim Loan&SB(Chic)	.75c
Allen-W Add M.	.15c	Q	12-21	12-19	Gen Finance Corp.	.5	Q	1-18	1-2	Potomac E Pw 6% pt.	\$1.30	Q	3-1	2-15	Pref Accid Ins Co.	.20c				Pub Bl (Md.)	.10c
Allianz Gas Co.	.25c	Q	12-16	12-15	Gen Foods pf	.125	Q	2-1	1-10	Potomac EP 5% pf \$1.375	Q	3-1	2-15	Pub Bl (Md.)	.10c				Ray-O-Vac (np.)	.50c	
Allianz Gas St Co	.25	Q	12-19	12-20	Gen Invest Tr (Boston)	.15	Q	1-2	1-17	Powell Rouly G M Ldco.	.15	Q	12-20	12-26	Sanborn Map Co.	.41				Sanborn Map Co.	.41
Amalgamated Bg pf12.45c					Gen Mach 4% pf.	.125	Q	1-2	12-16	Prov Bidg.	.22	S	12-23	12-19	Sh Crk Gold M Ltd.	.1c				Sh Crk Gold M Ltd.	.1c
Am Bk&T (NOrleans)50c					Gen Mills 6% pf.	.15	Q	1-2	12-13	Phila Tren R.	.25	Q	1-10	12-30	Stand Fr I NJ(TrettnJ) \$1					Stand Fr I NJ(TrettnJ) \$1	
Amer Can Co.	.21	Q	2-15	1-25	Gen Tr Co of Canada	.75	Q	1-2	12-20	Plainfield Union Wt Co	.81	Q	1-2	12-23	Oneida Ltd.	.50c				Oneida Ltd.	.50c
Amer C & B Co	.25c	Q	12-22	12-20	(Montreal) 6% non-cum		Q	1-2	12-20	Plymouth Rub 76	.51.75	Q	1-15	12-18	Pacif Ind	.20c				Oswego Falls Corp.	.20c
Amer Felt pf	.15c	Q	1-2	12-20	Portind T(Conn)(\$2.50	.25	Q	12-30		Potomac E Pw 6% pt.	\$1.30	Q	3-1	2-15	Pacif Ind	.20c				Persim Loan&SB(Chic)	.75c
Amer Inst 7%pf1.75					Power Ind	.25	Q	1-15	1-13	Prov Bidg.	.22	S	12-23	12-19	Pref Accid Ins Co.	.20c				Persim Loan&SB(Chic)	.75c
Amer Insur pf pr 1.75					Power Ind	.25	Q	1-15	1-13	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Amer Maize Prod	.25c	Q	12-27	12-20	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Amer MaizeP 7% pf.	.15c	Q	12-27	12-20	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Amer Mfg Co	.21	Q	12-31	12-15	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Nat Bk (Nashv T)15c					Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Nat Bk (Nashv T)15c					Power Ind	.25	Q	1-2	12-18	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am News	.25c	BM	1-15	1-5	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Orth 5% pf cu 1.75					Power Ind	.25	Q	1-2	12-11	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Screw Co.	.20c	Q	12-21	11	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Sec Sh (St Louis)10c					Power Ind	.25	Q	1-2	12-26	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Stamping 7% pf.	.15c	Q	12-30	12-18	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Thrmbs(\$150)7%pf1.75c					Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Am Tr (\$Fr)44c					Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Animal Trap Am.	.25c	Q	12-20	12-15	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Art Metal Wines	.10c	Q	12-20	12-22	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Artistic Cig. Sevng	.10c	Q	12-20	12-22	Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Atti N Bk (Jackson)20c					Power Ind	.25	Q	1-2	12-23	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
AtlasThriftCp 75pf1.75c					Power Ind	.25	Q	1-2	12-23	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Attleboro Gas L Co.	.25	Q	1-2	12-15	Power Ind	.25	Q	1-2	12-26	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Autoline Oil pf.	.20c	Q	1-2	12-26	Power Ind	.25	Q	1-2	12-26	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Badger P&H Strs Inc.	.50c	Q	12-20	12-15	Power Ind	.25	Q	1-2	12-26	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bancom & Sv (WshDC)2.50					Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Barrett Jefferson (Y) \$4					Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Barker'sBrdLd55pf1.25c					Power Ind	.25	Q	1-2	12-20	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & Lomb	.25c	Q	1-2	12-15	Power Ind	.25	Q	1-2	12-19	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P.	.25	Q	1-2	12-15	Power Ind	.25	Q	1-2	12-19	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind	.25	Q	1-2	12-15	Phila Tren R.	.25	Q	1-10	12-30	Pub Bl (Md.)	.10c				Pub Bl (Md.)	.10c
Bausch & L. P. 25c					Power Ind</td																

NOTE: THE ANNALIST uses for these pages the following standing footnote: *Subject to revision. All other footnotes appear immediately below each table. Latest revised data given for previous week, month and year.

THE ANNALIST INDEX OF BUSINESS ACTIVITY

	1939										1938									
	Nov.	Oct.	Sept.	Aug.	July	June	May	Nov.	Oct.	Sept.	Aug.	July	June	May	Nov.	Oct.	Sept.	Aug.	July	
Freight car loadings...	92.7	90.3	82.7	81.5	80.9	77.8	84.2	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	
Miscellaneous...	87.9	85.8	82.8	75.8	75.0	75.3	74.8	80.9	76.4	76.4	76.4	76.4	76.4	76.4	76.4	76.4	76.4	76.4	76.4	
Other...	102.8	106.5	105.4	96.4	94.6	92.2	83.8	90.8	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	
Electric power prod...	108.1	106.7	104.3	101.1	101.1	101.1	97.5	96.9	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	
Manufacturing...	123.8	120.9	105.6	98.3	92.5	90.9	81.0	95.0	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	
Steel ingot produc...	125.7	127.0	101.7	85.9	81.1	73.8	61.0	95.0	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	
Pig iron production...	134.4	129.5	109.8	96.7	87.1	77.2	56.8	85.4	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	73.8	
Textiles...	132.7	131.1	119.4	120.9	112.5	118.4	112.8	115.6	101.6	101.6	101.6	101.6	101.6	101.6	101.6	101.6	101.6	101.6	101.6	
Cotton consumption...	141.0	138.1	127.2	133.7	119.8	124.3	121.3	123.4	108.3	108.3	108.3	108.3	108.3	108.3	108.3	108.3	108.3	108.3	108.3	
Wool consumption...	145.4	125.0	119.6	122.2	131.1	120.6	132.1	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	
Silk consumption...	61.2	77.0	67.3	63.2	57.5	59.2	55.7	78.7	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	
Rayon consumption...	140.3	129.2	118.3	103.1	124.1	129.6	89.2	102.6	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	
Boots and shoe prod...	138.1	125.6	136.4	121.1	121.1	113.3	140.4	128.8	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	
Automobile production...	93.9	82.9	53.3	64.4	77.1	70.1	51.4	64.4	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	101.1	
Lumber production...	91.4	79.6	67.4	77.7	75.7	76.0	63.3	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	
Cement production...	73.3	67.2	65.6	68.5	62.4	59.9	71.6	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	
Mining...	84.0	80.5	78.8	76.8	77.2	80.9	75.3	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6	
Zinc production...	93.2	86.9	77.9	75.7	74.7	73.8	74.8	73.4	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	
Lead...	78.1	85.6	84.9	80.8	84.2	93.0	79.0	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2	60.2	
Combined index...	108.4	106.7	100.0	94.4	92.2	91.5	86.3	95.2	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	

For seasonal indices for 1939 see THE ANNALIST of July 6, 1939, page 17, Table 20.

RATE OF OPERATIONS IN THE STEEL INDUSTRY

Week	Dow-Jones		Begin-ning: U. S. Steel Indep. Total	Amer. Inst.	Week Ended: Dec. 19	N. Y. Times	Iron Met.	Am. Inst.	As Estimated by	
	Dec. 26	24	51.7						52	52
Jan. 2	35	42	39	Dec. 26	38.8	Dec. 31	40	40	40	40
Oct. 30	89%	91%	91	Oct. 28	92	Oct.	24	92	91	91
Nov. 6	91	94	93	Oct. 30	91.0	Nov. 4	93	93	93	93
Nov. 13	92	94	93	Nov. 12	96	Nov. 11	93	93	93	93
Nov. 20	93	94	94	Nov. 13	93.5	Nov. 18	93%	94	94	94
Nov. 27	93	95	94	Nov. 20	93.9	Nov. 25	92%	94	94	94
Dec. 4	92	95	94	Dec. 27	94.4	Dec. 2	94	94	94	94
Dec. 11	91	93	92	Dec. 24	92.8	Dec. 9	94	92	92	93
Dec. 18	90	91	91	Dec. 11	91.2	Dec. 18	92%	91%	91%	91
Dec. 25	89	90	90	Dec. 23	90%	Dec. 19	89%	90	90	90
Jan. 1	...	...	...	Dec. 25	73.7	Dec. 30	74	74	74	74

OIL REFINERY ACTIVITY AND STOCKS (18)

(Estimated for entire industry; thousands of barrels)										
Crude Runs to Still	Average	1/PC. of	++Total	Crude	Stocks	Gasoline	Gasoline	Gas and	Gasoline	Fuel Oil
Dec. 10	3,150	77.9	71.9	268,509	68,587	150,779	150,779	150,779	150,779	150,779
Dec. 17	3,245	80.4	9,816	269,931	69,635	148,573	148,573	148,573	148,573	148,573
Oct. 28	3,520	86.2	12,232	230,453	72,860	154,348	154,348	154,348	154,348	154,348
Nov. 4	3,465	82.1	11,890	230,444	73,262	154,496	154,496	154,496	154,496	154,496
Nov. 11	3,536	87.3	12,476	220,037	73,511	152,053	152,053	152,053	152,053	152,053
Nov. 18	3,515	82.8	12,189	226,835	73,595	152,053	152,053	152,053	152,053	152,053
Nov. 25	3,510	82.0	12,128	231,811	73,595	150,633	150,633	150,633	150,633	150,633
Dec. 2	3,480	81.2	12,383	234,161	76,365	146,338	146,338	146,338	146,338	146,338
Dec. 9	3,460	80.6	12,027	232,016	77,196	146,378	146,378	146,378	146,378	146,378
Dec. 16	3,415	79.4	11,583	232,615	76,158	144,262	144,262	144,262	144,262	144,262

*Estimated from U. S. Bureau of Mines data. **For reporting companies only. Including both finished and unfinished gasoline. **Includes cracked, straight-run and natural blended gasoline for reporting companies through April 22, 1939; thereafter estimated for entire industry.

COMMERCIAL FAILURES

WEEKLY (1)	Dec. 21	Dec. 14	Dec. 22	1939	1938
Manufacturing...	39	37	44	44	44
Wholesale...	18	29	22	22	22
Retail...	121	112	137	137	137
Construction...	12	11	13	13	13
Com'sl service...	10	14	13	13	13
Total U. S.	200	203	229	229	229
Regions:					
New England...	14	122	24	24	24
Middle Atlantic...	75	62	83	83	83
E. North Central...	42	42	40	40	40
W. North Central...	5	11	7	7	7
South Atlantic...	17	18	31	31	31
E. South Central...	5	4	8	8	8
W. South Central...	16	6	3	3	3
Mountain...	1	5	6	6	6
Pacific...	25	33	27	27	27
Total U. S.	200	203	229	229	229

COAL AND BEEHIVE COKE PRODUCTION WEEKLY (5)

Thousands of net tons)		Week Ended	Dec. 16, 1939</

20
PHYSICAL VOLUME OF CONSTRUCTION CONTRACTS AWARDED
 (In 37 States; floor space in thousands of square feet)

	Total.	Residential.	Non-residential.	Public Works.	Public Utilities.	Residential.	Non-residential.	Floor Space
October	12,966	8,290	3,219	1,143	214	21,553	14,361	
November	11,269	7,180	2,097	1,770	222	19,986	14,623	
December	9,605	6,389	2,467	582	167	18,969	14,370	
1937.								
January	10,801	7,477	2,629	526	162	18,427	14,691	
February	11,830	8,317	2,930	574	181	17,738	10,861	
March	16,685	11,525	3,385	620	155	24,244	16,674	
April	19,045	13,965	3,039	1,123	218	29,391	18,415	
May	16,305	11,829	2,239	1,094	158	23,038	16,786	
June	16,855	11,798	2,594	1,194	268	23,824	21,802	
July	15,361	10,136	2,764	1,235	226	20,579	24,754	
August	15,454	10,200	3,603	1,399	252	18,920	21,304	
September	14,947	10,115	3,309	1,325	198	17,028	14,581	
October	14,506	9,867	3,343	1,074	222	16,306	12,719	
November	12,512	8,538	2,876	863	235	15,185	13,786	
December	9,152	5,592	2,536	779	245	10,855	16,643	
1938.								
January	8,502	5,300	2,466	598	138	9,356	9,637	
February	9,261	6,266	2,303	574	118	10,360	8,436	
March	14,533	9,938	3,344	1,080	171	20,069	13,713	
April	15,058	10,554	2,965	1,342	197	18,732	13,578	
May	17,565	12,209	3,368	1,775	213	20,550	13,707	
June	18,194	12,673	3,499	1,827	197	21,275	14,429	
July	17,648	12,757	3,188	1,552	151	21,579	11,579	
August	18,770	13,488	3,416	1,592	274	23,574	14,744	
September	16,926	11,600	3,363	1,675	288	21,781	15,599	
October	19,664	13,907	3,594	1,828	335	27,177	23,223	
November	17,772	12,515	3,585	1,342	330	23,405	21,515	
December	16,027	10,413	3,495	1,619	500	22,720	25,503	

21
BUILDING PERMITS (11)

	214	215
1937.	Cities.	N. Y. City. Cities.
September	72,280	14,489
October	60,661	30,052
November	50,200	19,389
December	43,925	74,818
1938.		118,743
January	40,794	106,072
February	47,924	6,086
March	65,179	11,420
April	68,645	16,198
May	63,629	13,977
June	65,200	22,437
July	67,837	92,767
August	73,438	27,586
September	71,456	101,024
October	77,023	24,045
November	61,498	22,162
December	67,320	22,262
Total	782,242	365,302
	1,147,543	

22
PORTLAND CEMENT (20)

	(Thousands of barrels)
Production	Shipments
Jan.	4,534
Feb.	3,916
March	5,879
April	7,983
May	10,361
June	10,535
July	10,968
Aug.	11,007
Sept.	10,559
Oct.	11,556
Nov.	10,184
Dec.	8,066
Total 105,548	106,524
1939.	
Jan.	5,640
Feb.	5,605
Mar.	5,044
Apr.	8,171
May	9,654
June	11,185
July	12,745
Aug.	12,644
Sept.	12,369
Oct.	13,104
Nov.	12,829
Dec.	11,003
	10,146
	20,776

23
FABRICATED STRUCTURAL STEEL (9)

(Estimated total tonnage for entire industry; tonnage available, for future fabrication)

	Tonnage Available.
Sept.	132,432
Oct.	62,267
Nov.	132,835
Dec.	99,070
1938.	
Jan.	80,320
Feb.	57,144
Mar.	84,257
April	91,158
May	77,322
June	99,899
July	96,013
Aug.	106,772
Sept.	92,669
Oct.	151,756
Nov.	153,084
Dec.	163,445
1939.	
Jan.	101,712
Feb.	82,719
Mar.	95,065
April	118,309
May	156,948
June	111,594
July	114,066
Aug.	100,849
Sept.	121,357
Oct.	112,597
Nov.	91,556
	123,201
	405,673

24
COST OF LIVING-N. I. C. B. (22)

(1923=100)

	All Items.	Food.	Housing.	Clothing.	Entertainment.	Gasoline.	Utilities.	Fuel.
1937.	88.3	87.4	85.2	76.2	85.0	9.6	6.6	
May	88.8	88.4	86.1	76.7	83.7	9.6	6.8	
June	88.9	88.2	86.6	76.9	83.7	9.6	6.8	
July	88.9	87.7	87.1	76.9	84.1	9.6	6.8	
Aug.	88.9	87.3	87.8	77.8	84.4	9.7	6.8	
Sept.	88.4	87.6	88.6	78.5	85.0	9.7	6.8	
Oct.	88.5	86.7	88.2	78.7	85.4	9.7	6.8	
Nov.	88.0	85.4	88.1	78.3	85.8	9.7	6.8	
Dec.	87.6	84.4	87.8	77.7	86.1	9.7	6.8	
1938.								
Jan.	87.5	82.0	88.2	76.7	86.3	9.7	6.8	
Feb.	86.7	80.1	87.8	76.0	86.3	9.7	6.8	
Mar.	86.7	80.3	87.5	75.5	86.2	9.7	6.8	
Apr.	86.8	81.1	87.2	75.8	86.2	9.7	6.8	
May	86.5	80.8	87.0	74.5	83.7	9.7	6.8	
June	86.7	81.9	86.7	73.9	83.7	9.7	6.8	
July	86.5	81.7	86.6	73.5	83.7	9.7	6.8	
Aug.	85.9	80.1	86.6	73.4	84.4	9.6	6.8	
Sept.	85.9	80.4	86.5	73.3	85.0	9.6	6.8	
Oct.	85.8	79.8	86.6	73.2	85.6	9.6	6.8	
Nov.	85.6	79.5	86.4	73.2	85.9	9.6	6.8	
Dec.	85.7	79.6	86.7	72.9	85.6	9.6	6.8	
1939.								
Jan.	80.3	82.3	83.8	83.9	70.1	58.8		
Feb.	78.9	92.0	90.6	81.9	59.4	58.8		
Mar.	76.9	92.5	91.9	81.9	59.4	58.8		
Apr.	78.4	92.5	91.6	81.9	59.4	58.8		
May	78.4	92.5	91.6	81.9	59.4	58.8		
June	78.4	92.5	91.6	81.9	59.4	58.8		
July	78.4	92.5	91.6	81.9	59.4	58.8		
Aug.	78.4	92.5	91.6	81.9	59.4	58.8		
Sept.	78.4	92.5	91.6	81.9	59.4	58.8		
Oct.	78.1	87.2	94.9	77.3	61.9	56.6		
Nov.	77.8	86.8	93.2	77.4	87.2	55.9		
Dec.	76.6	86.5	92.7	79.1	84.5	55.6		
1940.								
Jan.	77.5	86.1	92.9	77.9	85.9	61.1		
Feb.	76.8	85.6	93.4	77.1	85.7	61.0		
Mar.	76.4	85.4	93.6	77.5	85.0	61.0		
Apr.	76.6	85.1	94.1	77.2	85.4	61.9		
May	76.5	84.9	94.2	77.2	85.3	61.9		
June	76.3	85.0	93.1	77.2	85.5	61.9		
July	76.5	85.0	93.5	77.5	85.4	61.4		
Aug.	75.1	84.4	91.9	73.6	84.2	57.9		
Sept.	75.1	84.6	91.9	73.6	84.2	57.9		
Oct.	75.1	84.6	91.9	73.6	84.2	57.9		
Nov.	75.1	84.6	91.9	73.6	84.2	57.9		
Dec.	75.1	84.6	91.9	73.6	84.2	57.9		
1941.		</						

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NEW LIFE INSURANCE (26)
(Paid-for life insurance sales of 42 U. S. companies; thousands of dollars)

1937.	Ordinary. Indust'l. Group.	Total.
Jan.	432,934	195,405
Feb.	459,001	212,231
Mar.	581,399	258,087
Apr.	530,755	246,589
May.	488,622	239,733
June	512,496	224,113
July	445,732	204,121
Aug.	430,040	210,898
Sept.	390,335	197,339
Oct.	429,358	226,243
Nov.	427,729	211,409
Dec.	463,441	213,976
T'1	5,591,842	2,640,144
1938.	760,932	8,922,918
Jan.	377,789	179,975
Feb.	373,644	174,092
Mar.	441,067	198,023
Apr.	386,529	193,131
May.	384,083	191,648
June	382,385	170,312
July	356,119	153,362
Aug.	321,213	143,924
Sept.	321,367	173,641
Oct.	380,591	176,553
Nov.	444,818	182,690
Dec.	657,541	226,083
T'1	4,867,428	2,178,848
1939.	476,451	7,529,727
Jan.	578,675	99,363
Feb.	420,255	109,871
Mar.	461,418	138,396
Apr.	385,634	129,051
May.	424,094	137,073
June	406,958	128,568
July	364,300	118,218
Aug.	381,626	119,068
Sept.	334,561	115,933
Oct.	425,977	135,769
Nov.	415,350	128,121

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FOREIGN EXCHANGE RATES WEEKLY
(All quotations cable rates unless otherwise noted)

Par.	Country and Unit.	Week Ended	Dec. 23, 1939.	Dec. 16, 1939.	Dec. 24, 1938.
8,2397	England (sovereign)...	\$3.95%	\$3.93%	\$3.91	\$4.67% \$4.65%
8,2397	Australia (sovereign)...	3.16	3.15%	3.14	3.74% 3.73%
8,2397	So. Africa (sovereign)...	3.94	3.93%	3.91%	4.67% 4.66%
0,0634	France (franc)...	.0224%	.0223%	.0221%	.0263% .0262%
0,0526	Italy (lira)...	.0505	.0505	.0505	.0526% .0526%
1,6831	Canada (dollar)...	.8850	.8737	.8700	.9006 9.986
1,6831	Belgium (belga)...	.1667%	.1661	.1663	.1644 .1684
3,2669	Switzerland (franc)...	.2246	.2243	.2242	.2257% .2257%
0,0220	Greece (drachma)...	.0072%	.0072%	.0072%	.0085% .0085%
0,4537	Sweden (krona)...	.2283	.2283	.2279	.2398 .2398
0,4537	Denmark (krone)...	.1933	.1932	.1931	.2088% .2079%
1,6831	Straits Settlements (dollar) Singapore...	.4845	.4844	.4833	.4980 .4980
8,4396	Japan (yen)...	.2349	.2349	.2349	.2728 .2720
1,6479	Colombia (gold peso)...	.5800	.5800	.5800	.5800 .5800
1,6335	Argentina (paper peso) Free inland...	.2290	.2285	.2300	.2280 .2275
.0625	Brazil (paper milreis) Free inland...	.0515	.0515	.0515	.0595 .0595
.0626	Chile (gold peso)...	.0519	.0519	.0519	.0519 .0519
.0740	Peru (sol)...	.1800	.1800	.1800	.2075 .2062
1,7510	Uruguay (gold peso)...	.3800	.3700	.3800	.3775 .3700
8,4400	Mexico (silver peso)...	.1760	.1725	.1860	.3137 .3137

†Demand rate.

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FOREIGN EXCHANGE RATES DAILY
(Cable transfer rates)

	Dec. 23.	Dec. 22.	Dec. 21.	Dec. 20.	Dec. 19.	Dec. 18.
England: High	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95%
Low	3.93%	3.93%	3.93%	3.93%	3.93%	3.93%
Last	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%
France: High	.0223%	.0223%	.0223%	.0223%	.0223%	.0223%
Low	.0223%	.0223%	.0223%	.0223%	.0223%	.0223%
Italy: High	.0505	.0505	.0505	.0505	.0505	.0505
Low	.0505	.0505	.0505	.0505	.0505	.0505
Holland: High	.5310	.5311	.5312%	.5313	.5313	.5330
Low	.5309%	.5309	.5309	.5309	.5316	.5318
Belgium: High	.1667%	.1666%	.1667	.1666%	.1666%	.1666
Low	.1666%	.1666%	.1667	.1666%	.1666	.1664
Switzerland: High	.2244%	.2244%	.2244%	.2244%	.2244%	.2244%
Low	.2244%	.2244%	.2244%	.2244%	.2244%	.2245%
Canada: High	.8850	.8850	.8843	.8825	.8825	.8831
Low	.8850	.8850	.8818	.8825	.8800	.8737
Last	.8850	.8850	.8837	.8825	.8800	.8825
Japan	.2349	.2349	.2349	.2349	.2349	.2349
Argentina (free inland)	.2290	.2290	.2290	.2285	.2290	.2290

SOURCES OF DATA

(1) Railway Age. (2) Commercial and Financial Chronicle. (3) The F. W. Dodge Corporation. (4) Federal Reserve Board. (5) United States Department of Commerce. (6) United States Department of Labor. (7) Edison Electric Institute. (8) The Iron Age. (9) American Society of Steel Constructors. (10) Ward's Automotive Reports, Inc. (11) Dun & Bradstreet's. (12) Federal Power Reports. (13) The Wall Street Journal. (14) Engineering News-Record. (15) American Bureau of Metal Statistics. (16) American Iron and Steel Institute. (17) Abarthway Company. (18) American Petroleum Institute. (19) American Railway Association. (20) United States Department of Interior. (21) Commodity Exchange, Inc. (22) National Industrial Conference Board. (23) American Metal Market. (24) Federal Reserve Bank of New York. (25) American Zinc Institute. (26) Association of Life Insurance Presidents. (27) Bureau of Railway Economics. (28) Interstate Commerce Commission. (29) Rubber Manufacturers Association. (30) Bureau of Agricultural Economics. (31) American Appraisal Company. (32) Copper Institute. (33) New England Council. (34) National Machine Tool Builders Assoc. *Subject to revision. †Revised.

Stock and Bond Market Averages and Volume of Trading

The Annalist Weighted Averages of Group Leaders

Cal. Wks.	Dec. 22.	Dec. 23.	Dec. 24.	Dec. 25.	Dec. 26.	Dec. 27.
90 Stocks	High	Low	Last	High	Low	Last
72 Industrials	49.2	48.5	49.7	49.2	48.6	49.0
4 Steels	163.9	161.7	162.4	163.9	162.3	163.3
4 Motors	37.4	37.1	37.0	37.5	37.0	37.1
5 Motor accessories	77.1	76.5	76.5	77.1	76.5	77.4
3 Aircraft	41.3	45.8	45.8	46.7	45.8	46.5
3 Building	39.2	38.4	39.0	39.6	39.0	39.8
4 Chemicals	142.8	141.8	141.8	142.8	141.5	142.8
4 Nonferrous metals	50.2	49.5	49.7	50.2	49.5	49.9
4 Foods	37.5	37.1	37.3	37.6	37.6	37.6
3 Tobacco	71.6	70.9	71.6	71.9	71.9	72.1
3 Sugars	25.5	24.9	24.9	24.5	24.7	25.8
2 Electrical equipments arm equipments	61.6	61.6	61.9	62.2	61.9	62.5
4 Office equipments	53.8	53.1	53.1	53.5	53.1	54.4
4 Railroad equipments	28.4	27.8	27.8	27.9	27.4	27.5
4 Amusement	15.3	14.7	14.8	15.1	15.0	15.5
5 Merchandise	50.3	49.9	50.1	50.2	50.1	50.6
3 Rubber and tires	41.6	41.0	41.3	41.6	41.3	41.6
4 Standard Oils	22.0	21.0	21.2	22.0	21.7	22.0
8 Oils	23.6	23.2	23.5	23.9	23.4	23.7
10 Rails	30.6	29.8	29.9	30.4	30.2	30.5
8 Utilities	21.6	21.3	21.5	21.6	21.3	21.5

The New York Times Stock Market Averages

WEEKLY HIGH, LOW AND LAST

Week Ended	25 Rails	25 Industrials	50 Stocks
1939.	High	Low	Last
Oct. 28.	26.89	25.10	26.11
Nov. 4.	26.28	24.47	24.78
Nov. 11.	25.62	24.47	24.78
Nov. 18.	25.74	24.78	25.50
Nov. 25.	25.90	24.69	24.78
Dec. 2.	25.12	23.63	23.87
Dec. 9.	24.35	23.53	23.91
Dec. 16.	24.31	23.34	23.87
Dec. 23.	23.91	23.29	23.65
Dec. 30.	23.71	23.40	193.83
Dec. 21.	23.70	23.42	193.85
Dec. 22.	23.57	23.63	193.89
Dec. 23.	23.57	23.57	193.62
Dec. 24.	23.57	23.45	194.14
Dec. 25.	23.67	23.45	194.24
Dec. 26.	23.67	23.45	194.24
Dec. 27.	23.49	23.02	194.31
Dec. 28.	23.49	23.18	194.37

DAILY HIGH, LOW AND LAST

Dec. 21.	194.90	148.59	149.10	31.62	31.17	31.20	25.10	24.81	24.92	49.90
Dec. 22.	149.97	148.87	149.59	31.55	31.22	31.44	25.09	24.78	24.95	50.18
Dec. 23.	150.04	149.40	149.85	31.62	31.48	31.58	25.00	24.84	24.91	50.27
Dec. 24.	150.11	148.83	149.27	31.65	31.26	31.37	25.05	24.76	24.91	50.08
Dec. 25.	149.51	147.66	148.52	31.35	30.78	30.99	25.03	24.68	24.85	

Banking Statistics—Brokers' Loans—Gold Reserves

Statement of the Federal Reserve Banks

	Combined Federal Res. Banks			N. Y. Federal Res. Bank		
	Dec. 20, 1939.	Dec. 13, 1939.	Dec. 21, 1938.	Dec. 20, 1939.	Dec. 13, 1939.	Dec. 21, 1938.
ASSETS						
Gold certificates on hand and due from United States Treasury	\$15,134,612	\$15,024,619	\$11,762,720	\$6,945,211	\$6,930,265	\$5,048,107
Redemption fund—Federal Reserve notes	9,973	10,413	9,873	1,619	1,798	1,226
Other cash	254,429	302,708	306,963	63,774	73,240	90,608
Total reserves	\$15,399,014	\$15,337,740	\$12,078,556	\$7,010,604	\$7,005,303	\$5,139,941
Bills discounted:						
Secured by United States Government obligations, direct and fully guaranteed	1,677	1,565	5,969	538	660	2,043
Other bills discounted	6,787	6,487	2,325	2,320	2,355	419
Total bills discounted	\$8,464	\$8,052	\$8,293	\$2,858	\$3,015	\$2,462
Bills bought in open market	11,139	11,143	15,533	2,025	2,025	3,591
Industrial advances						
U. S. Govt. securities, direct and guaranteed						
Bonds	1,263,197	1,278,947	840,893	392,715	398,139	267,426
Notes	1,233,225	1,233,225	1,126,903	383,398	383,906	358,383
Bills			596,219			189,613
Total United States Government securities, direct and guaranteed	\$2,496,422	\$2,512,172	\$2,564,015	\$776,113	\$782,045	\$815,422
Total bills and securities	2,516,025	2,531,367	2,588,390	780,996	787,085	821,691
Due from foreign banks	47	47	172	17	17	64
Federal Reserve notes of other banks	25,916	23,699	26,065	3,665	3,715	4,903
Uncollected items	877,909	774,113	789,042	220,047	196,240	216,820
Bank premises	42,185	41,975	44,096	8,867	8,867	9,791
Other assets	59,644	76,430	42,956	18,848	22,925	13,221
Total assets	\$18,920,740	\$18,785,371	\$15,569,297	\$8,043,044	\$8,024,152	\$6,206,431
LIABILITIES						
Federal Reserve notes in actual circulation	\$4,979,850	\$4,905,433	\$4,483,202	\$1,263,887	\$1,245,096	\$1,031,017
Deposits:						
Member bank—Reserve account	11,378,164	11,287,608	8,471,979	5,850,974	5,838,525	4,306,773
United States Treasurer—General account	693,565	752,550	1,024,793	202,389	258,873	267,172
Foreign bank	412,759	375,090	195,280	149,649	128,495	70,049
Other deposits	351,923	343,578	318,617	265,325	252,369	206,891
Total deposits	\$12,836,411	\$12,758,856	\$10,010,669	\$6,468,337	\$6,478,262	\$4,850,885
Deferred availability items	748,900	762,047	721,418	187,351	178,050	201,684
Other liabilities, including accrued dividends	5,260	9,237	5,496	1,968	2,018	1,890
Total liabilities	\$18,570,421	\$18,433,573	\$15,220,785	\$7,922,063	\$7,903,426	\$6,085,476
CAPITAL ACCOUNTS						
Capital paid in	\$135,434	\$135,361	\$134,440	\$50,955	\$50,952	\$51,040
Surplus (Section 7)	149,152	149,152	147,739	52,463	52,463	51,943
Surplus (Section 13b)	27,264	27,264	27,683	7,457	7,457	7,744
Other capital accounts	38,469	38,021	38,650	10,106	9,854	10,228
Total liabilities and capital accounts	\$18,920,740	\$18,785,371	\$15,569,297	\$8,043,044	\$8,024,152	\$6,206,431
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	86.4%	86.8%	83.3%	90.7%	90.7%	87.4%
Contingent liability on bills purchased for foreign correspondents						
Commitments to make industrial advances	\$9,274	\$9,348	\$14,848	\$1,508	\$1,811	\$3,365
?Revised figures.						

Statement of Member Banks

(Principal resources and liabilities of reporting member banks in 101 leading cities; millions of dollars)

LOANS	All Reporting		Chicago		New York City	
	Dec. 20, 1939.	Dec. 13, 1938.	Dec. 21, 1939.	Dec. 20, 1938.	Dec. 21, 1939.	Dec. 20, 1938.
Business	4,406	4,416	3,857	390	390	342
Open market	322	319	330	18	19	17
Stock market:						
Brokers	852	818	854	60	57	41
Other	510	504	566	66	68	179
Total	1,362	1,322	1,420	126	123	109
Real estate	1,189	1,189	1,169	14	14	12
Banks	66	43	120			
Other	1,587	1,582	1,577	53	52	53
Total loans	8,932	8,871	8,473	601	598	533
INVESTMENTS						
Treasury bills	653	713	57	43	498	564
Treasury notes	2,110	2,134	8,333	203	221	1,021
U. S. bonds	5,999	6,016	682	680	2,198	2,224
Govt. guaranteed	2,404	2,413	1,718	175	113	122
Other securities	3,367	3,376	3,218	345	324	1,195
Total invest.	14,533	14,652	13,268	1,462	1,457	1,458
Total loans and investments	23,465	23,523	21,742	2,063	2,055	1,991
Reserve with F. R. Bk.	9,577	9,506	9,121	1,186	876	5,241
Cash in vault	541	539	493	47	39	97
Bal. with domes. bks.	3,081	3,081	2,389	259	256	219
Other assets, net						
Demand deposits adj.	18,923	18,961	16,129	1,871	1,837	1,658
Time deposits	5,255	5,251	5,141	503	502	470
Government deposits	584	580	639	83	83	50
Interbank deposits:						
Domestic banks	7,978	7,946	5,947	897	903	675
Foreign banks	746	745	507	8	8	10
Borrowings	1	1	2			
Other liabilities						
Capital account				18	17	19
Total	14,533	14,652	13,268	1,462	1,457	1,458

*Officially designated "Commercial, industrial and agricultural loans."

DEBITS TO INDIVIDUAL ACCOUNTS BY BANKS IN REPORTING CENTERS WEEKLY

No. of Centers	Week Ended	Dec. 20, 1939.	Dec. 13, 1938.	Dec. 21, 1939.	Dec. 13, 1938.
Federal Reserve District:	Included.	\$577,994	\$464,973	\$564,971	
1-Boston	17				
2-New York	15	4,812,551	4,105,363	5,585,761	
3-Philadelphia	18	586,634	476,772	574,703	
4-Cleveland	25	723,986	564,960	772,100	
5-Richmond	24	373,201	328,047	349,824	
6-Atlanta	26	317,270	277,941	291,731	
7-Chicago	41	1,627,503	1,413,102	1,641,014	
8-St. Louis	16	320,444	268,391	276,887	
9-Minneapolis	17	184,979	164,937	163,215	
10-Kansas City	28	327,494	266,127	298,092	
11-Dallas	18	273,390	209,497	240,470	
12-San Francisco	29	794,882	690,298	780,140	
Total	274	\$10,920,338	\$9,230,408	\$11,538,908	
New York City	1	4,448,551	3,798,521	5,213,505	
Total outside N. Y. City	273	\$6,471,787	\$5,431,887	\$6,325,403	
141 cities		10,052,000	8,506,000	10,714,000	

MONEY RATES IN NEW YORK WEEKLY

Time Loans	Prime	Bankers' Acceptances	180 Days
-Call Loans	60-90 Days	4-6 Months	180 Days
	Daily	Daily	Daily
1939. High. Low. Av.			
Dec. 9. 1 1 1.00 1.14 1.25 1.16 1.50 1.60 1.65 1.58 1.75 1.84			
Dec. 16. 1 1 1.00 1.14 1.25 1.16 1.50 1.60 1.65 1.58 1.75 1.84			
Dec. 23. 1 1 1.00 1.14 1.25 1.16 1.50 1.60 1.65 1.58 1.75 1.84			

*New York Stock Exchange. †Asked rate. ‡Average of renewal rate.

Condition of Federal Reserve Banks

At Close of Business Dec. 20, 1939

	Total	Total Bills Discounted	Total U. S. F. R. Notes	Due Members
Boston	\$900,376	\$130	\$181,426	\$342,942
New York	7,120,344	2,253	1,263,887	5,850,974
Philadelphia	882,928	916	322,719	588,367
Cleveland	1,019,299	750	260,454	545,680
Richmond	1,288,702	388	126,311	287,196
Atlanta	311,244	406	100,799	165,293
Chicago	2,700,5			

Financial News

Continued from Page 833

last year and 10 per cent ahead of comparable part of November, 1939.

Radio Corporation (10-12-39)—War Department has awarded a \$861,509 contract to RCA Manufacturing Company, subsidiary, for receivers and spare parts.

Remington Rand (12-7-39)—Directors have extended final date for exercise of outstanding Series B rights from Dec. 31, 1939, to Jan. 10, 1941, Series C rights from Dec. 31, 1940, to Jan. 10, 1942, and Series D rights from March 31, 1941, to July 10, 1942. Board also fixed Dec. 30, 1942, as final date for consolidation of all outstanding common stock scrip certificates.

Selbying Rubber (6-15-39)—Company has filed a registration statement with SEC covering a proposed offering of 28,000 shares of \$2.50 cumulative convertible prior preference stock.

Stewart-Warner (10-12-39)—Contract to supply 1,380 electric household refrigerators for installation in Federal Housing Project in Memphis, Tenn., has been awarded to this company.

Studebaker (12-21-39)—Fourth quarter sales have been best in company's forty-year history. December demand necessitated production increase of 10 per cent over November. Paul G. Hoffman, president, explained. Factory sales in December should exceed 12,500 units, for the best monthly showing since March, 1929, when sales numbered 13,536.

Factory sales for the year will approximate 112,300 units, compared with 52,605 in 1938 and 91,472 in 1937.

United Aircraft (12-7-39)—War Department has awarded to this company a \$1,148,000 contract for propeller assemblies.

Vanadium (6-8-39)—Work will be started soon at the Naturita (Colo.) property. It will be the first time since 1920 that the company has operated a property in the United States.

Westinghouse Electric—See item under General Electric.

White Sewing Machine (11-23-39)—After a lapse of seven years the company will resume national advertising on a wide scale within the next month. All national promotion was discontinued in 1933 because of the need for economy, but now the financial position of the company permits such expenditures.

The company recently paid a fifty-cent dividend on the new prior preference stock. Payments will be made quarterly in the future. This is the first distribution since 1930.

Wickwire Spencer (10-26-39)—Opening of new \$1,000,000 wire mill at River Road plant has added 600 men to the payroll.

Wright Aeronautical (11-2-39)—CAA has approved for commercial use a new eighteen-cylinder air-cooled Wright engine which could develop 2,000 horsepower on take-off. Engines installed in the majority of the present air liners have take-off ratings of 1,000 horsepower.

RAILROADS

Alleghany Corporation (11-16-39)—It is understood that some consideration is being given to disposal of some of the securities pledged as collateral for the three bond issues of Alleghany Corporation. A move to sell the Missouri Pacific Railroad stock pledged behind the issues is expected to be made soon.

Atchison, Topeka & Santa Fe (11-9-39)—Board has ratified tentative program of \$6,776,000 for 1940 betterments. In addition, there will be a carryover of \$18,648,169 from the 1939 budget, including \$10,925,000 for equipment ordered in 1939 which will be covered in part by the recently issued \$8,000,000 equipment trust.

Chicago, Milwaukee, St. Paul & Pacific (10-26-39)—This road expects to finish 1939 with income in vicinity of \$9,000,000 available for fixed charges, which would compare with \$6,203,350 in 1938.

Chicago & North Western (11-30-39)—ICC has issued its final plan for reorganization, reducing total capitalization to \$499,974,309 from \$547,567,847 as of Dec. 31, 1938, and eliminating present preferred and common stocks as without value.

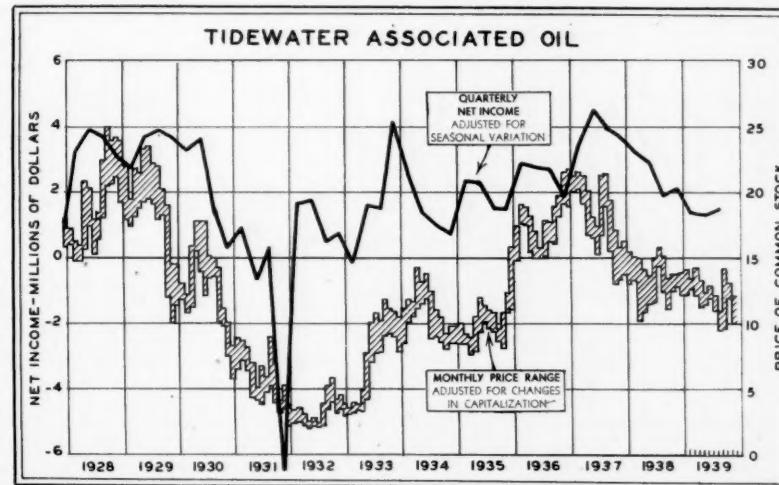
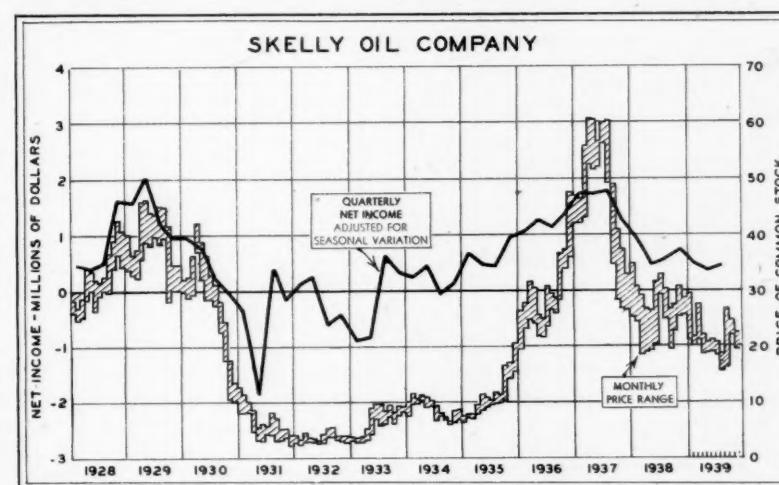
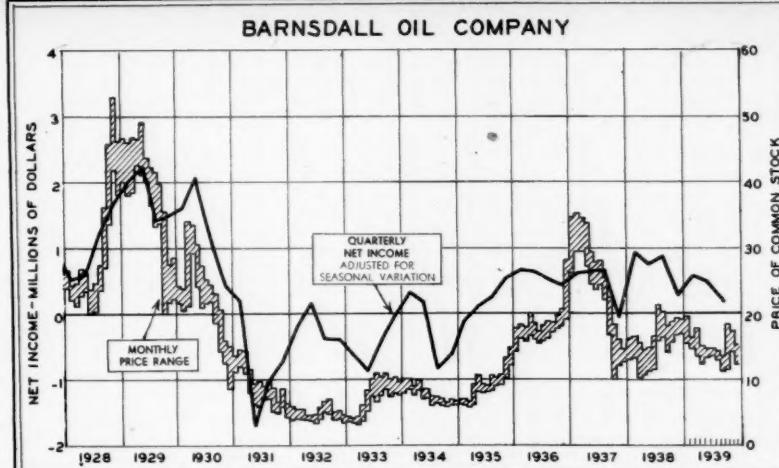
Florida East Coast (11-23-39)—A meeting of holders of first mortgage bonds has been called for Jan. 4 by Guaranty Trust Company, trustee, to discuss the problems of reorganization of the carrier and to decide what action the trust company should take in their behalf at a court hearing scheduled for Jan. 18 in Jacksonville, Fla.

Kansas City Southern (1-25-39)—Stockholders have approved issuance of \$2,558,000 serial notes to be used in payment of 59,540 shares of Louisiana & Arkansas prior preferred stock.

Wabash (10-19-39)—ICC has approved a \$9,300,000 RFC loan to receivers to be used in retiring \$6,500,000 of promissory notes and to cover cost of repairing and rehabilitating certain equipment estimated at \$2,800,000.

UTILITIES

Alabama Power—Alabama Public Service Commission has approved rate reduction by this company, effective Jan. 1, 1940, which, it is estimated, will result in annual savings of \$387,000 to urban commercial customers.



American Gas and Electric (12-7-39)—Company has filed a registration statement with SEC covering \$30,000,000 of sinking fund debentures and 355,623 shares of \$100 par cumulative preferred stock. Proceeds from the sale of the new securities would be used to redeem, on March 1, 1940, \$30,000,000 5 per cent debentures, due 2028, at 106, and all unexchanged 46 preferred stock at \$110 per share.

Associated Gas and Electric (11-30-39)—Rupp & Son, Dallas, Texas, investment bankers, announced they would purchase \$7,000,000 worth of public utility properties from Associated Gas and Electric Company. It was understood that new management of Associated Gas and Electric had ordered reduction on Jan. 1, 1940, of all salaries of executives and employees receiving in excess of \$10,000 annually. This, it was estimated,

Continued on Page 850

CORPORATE NET EARNINGS INDUSTRIALS

Company.	Net Income 1939.	Com. Share Earnings. 1938.	Net Income 1939.	Com. Share Earnings. 1938.
Amalgamated Sugar Co.	\$722,033	\$284,726	\$55	p.42
Ashland Oil & Refining	11 mo., Nov. 30	691,069	68	...
Arundel Corp.	11 mo., Nov. 30	11,245,629	11,242,256	...

Net Income
1939. Com. Share
Earnings.
1938. 1938.

Reynolds Spring Co. *129,474 *178,879

Seaboard Air Line: 9 mo., Sept. 30 *15,106 *360,947

Seiberling Rubber: 10 mo., Oct. 31 *5,464,260 *6,610,068

Southern Pacific: 10 mo., Oct. 31 4,238,438 *7,478,449

Southern Phosphate Corp.: 10 mo., Oct. 31 81,384 .37

Swift & Co.: Yr., Oct. 28... 10,321,523 *3,493,978

Superior Oil Co. of California: Yr., Aug. 31... 816,109 *281,017

United Specialties: Nov. 30 qr.... 64,610 11,149 .45

United Stockyards Corp.: Yr., Oct. 31... 350,827 382,105 .13

Walworth Co.: 10 mo., Oct. 31 63,756 *1,166,740

Waukesha Motor Co.: Oct. 31 qr.... 71,487 25,191 .18

Western Tablet & Stationery: Yr., Oct. 31... 472,154 250,623 .25

Williams Oil-O-Matic Heating Corp.: Yr., Oct. 31... *123,198 *338,009

Wilson-Jones Co.: Nov. 30 qr.... 68,378 24,202 .25

Net Income
1939. Com. Share
Earnings.
1938. 1938.

UTILITIES

Brooklyn-Manhattan Transit System: 5 mo., Nov. 30 *212,123 *103,490

Brooklyn & Queens Transit System: 5 mo., Nov. 30... 39,235 *148,538 p.14

Cincinnati Street Rwy.: 11 mo., Nov. 30 74,592 63,506 .15

Connecticut Light & Power Co.: 12 mo., Nov. 30 13,816,186 t3,465,774

Detroit Edison Co.: 12 mo., Nov. 30 9,809,489 7,289,849

Eastern Gas & Fuel Associates: 12 mo., Nov. 30 1,156,331 470,277

Indianapolis Power & Light Co.: Sept. 30 30 *358,635 539,572

12 mo., Sept. 30 2,136,329 1,888,060

Kansas City Public Service Co.: 11 mo., Nov. 30 *640,646 *619,553

Kansas Gas & Electric Co.: 12 mo., Nov. 30 1,165,120 1,273,217

Minnesota Power & Light Co.: 12 mo., Nov. 30 1,351,452 1,100,849

Miss-Moline Power Implement: Yr., Oct. 31... 64,140 727,032 p.64

Nebraska Power: 12 mo., Nov. 30 1,805,428 1,881,460

New England Power Association: 12 mo., Sept. 30 5,181,827 4,207,897

Northern Indiana Public Service Co.: 11 mo., Nov. 30 2,134,484 1,685,879

12 mo., Nov. 30 2,321,825 1,834,407

Pacific Tel. & Tel. Co.: 11 mo., Nov. 30,17,497,404 15,758,936

Public Service Corp. of New Jersey: 12 mo., Nov. 30,26,624,230 22,443,431

Missouri-Kansas-Texas Lines: 10 mo., Oct. 31 *2,832,369 *3,237,920

Missouri Pacific R. R.: 10 mo., Oct. 31 *11,619,482 *12,962,667

Mobile & Ohio R. R.: 10 mo., Oct. 31 *451,968 *405,036

N. Y., Chie. & St. Louis: 11 mo., Nov. 30 2,024,260 *1,442,890

Norfolk & Western Rwy.: 11 mo., Nov. 30,27,368,142 17,374,142

Pennsylvania R. R.: 10 mo., Oct. 31,19,815,765 5,618,543

Reading Co.: 10 mo., Oct. 31 3,585,547 2,171,505

Southern Ry.: 10 mo., Oct. 31 3,206,312 *2,381,421

Texas & Pacific Rwy.: 11 mo., Nov. 30 809,359 1,165,342

Union Pacific R. R. System: 10 mo., Oct. 31 11,954,620 11,764,533

Wabash Rwy.: 10 mo., Oct. 31 *3,671,086 *5,601,104

RAILROADS

Alabama Great Southern R. R.: 10 mo., Oct. 31 1,315,477 931,210

Ann Arbor R. R.: 10 mo., Oct. 31 *98,390 *325,355

Atchison, Topeka & Santa Fe Rwy.: 10 mo., Oct. 31 5,745,789 5,110,190

Baltimore & Ohio R. R.: 10 mo., Oct. 31 *2,499,853 *12,159,416

Bangor & Aroostook R. R.: 11 mo., Nov. 30 139,927 129,058

Central R. R. of New Jersey: 10 mo., Oct. 31 *2,259,714 *3,188,906

Chesapeake & Ohio: 11 mo., Nov. 30,23,892,220 18,624,641

Chicago Great Western R. R.: 10 mo., Oct. 31 *183,457 *1,217,297

Chgo., Milw., St. P. & Pacific R. R.: 10 mo., Oct. 31 *13,761,928 *16,238,432

Delaware & Hudson R. R. Corp.: 10 mo., Oct. 31 1,481,779 *640,106

Florida East Coast Rwy.: 10 mo., Oct. 31 *1,828,457 *1,633,233

Fonda Johnstown & Gloversville R. R.: 11 mo., Nov. 30 *76,762 *167,571

Kansas City Southern Rwy.: 10 mo., Oct. 31 564,453 332,070 p.269

Louisville & Nashville R. R.: 10 mo., Oct. 31 5,432,797 1,764,805

Long Island R. R.: 10 mo., Oct. 31 *1,313,390 *1,589,735

*Net loss. **Not available. Federal income taxes. †Profit before

quarterly earnings as shown by a comparison of company's reports for the six and nine months' period.

**Indicated quarterly earnings as shown by a comparison of company's reports for the first quarter of fiscal year and the six months' period deficit.

†On shares outstanding at close of respective periods.

pOn average shares.

sOn preferred stock.

tOn second preferred stock.

†Surplus available for common stock after preferred dividends.

Stock Transactions—New York Stock Exchange

or Calendar Week Ended Dec. 23.

Full face—all current earnings, but not including fiscal years ended prior to Jan. 31, 1948 or 1937. See also "note e".

earlier. Full face—all current earnings, but not including fiscal years ended prior to Jan. 31, 1948 or 1937. See also "note e".

k means figures not available.

l means figures not available.

m—Initial dividend.

n—Dividend of 1-5 share of Consolidated Oil common.

o—Years ended 1937 and 1936.

p—Not computed, as results are before depreciation and depletion.

q—Initial dividend.

r—Dividend of 1-5 share of Consolidated Oil common.

s—Years ended January 1, 1938 and 1937.

t—Before depletion.

u—Per share earnings not computed, as results are before all deductions.

v—Liquidation.

w—Adjourned.

or es-
footn-
Blan-
Full-
co-
a-O-
b-P-

Stock Transactions—New York Stock Exchange—Continued

For Calendar Week Ended—

Saturday, Dec. 23

Stock Transactions—New York Stock Exchange—Continued

For Calendar Week Ended—

Earnings per share as reported by Standard Statistics Comp any of New York: Light face—Calendar years 1938 and 1937
 ornote "e," Full face—all current earnings, but not including fiscal years ended prior to Jan. 31, 1938 or 1937. See also
 e—Years ended 1937 and 1936.
 ill face—means figures not available.
 ill face—means 1 to 13—Number of months covered by latest interim report.
 ill face—On all classes of preferred stock.
 ill face—Parent company only. d—Deficit.

n—Partly cumulative. o—Special.
 p—1938 results cover 10 months ended Oct. 31, as company 'is changing fiscal year.
 l—Before depletion.
 j—Per share earnings not computed, depreciation and depletion.
 f—Initial dividend.
 g—Dividend of 1-3 share of Consoli-
 h—Dividend or 1-3 share of Spanish sub-
 i—Liquidation. m—Adjusted.

w—Weeks. x—Ex dividend.
 y—Payable in Argentine pesos.
 z—Not computed, as no allowance was made for debt service.
 r—Amount varies. u—In script.
 t—Before operations of Spanish sub-
 sidiaries.

†—Partly extra.
 ||—Plus or payable in stock.
 *—Figures under high and low column
 Dec. 23.

Stock Transactions—New York Stock Exchange—Continued

For Calendar Week Ended—

Saturday, Dec. 23

Stock Transactions—New York Stock Exchange—Continued

Four-Week Ended—

Bond Transactions—New York Stock Exchange—Continued

1939 Range.										1939 Range.										1939 Range.											
		Sales		Sales		Sales		Sales		Sales		Sales		Sales		Sales		Sales		Sales		Sales		Sales		Sales					
		in 1000s.		High.		Low.		Last.		Chge.		in 1000s.		High.		Low.		Last.		Chge.		in 1000s.		High.		Low.		Last.			
High.	Low.	Sales	Sales	High.	Low.	Sales	Sales	High.	Low.	Sales	Sales	High.	Low.	High.	Low.	High.	Low.	High.	Low.	Sales	Sales	High.	Low.	High.	Low.	High.	Low.				
51 1/2	25 1/2	M-K-Tex	1st 4s 90	106	29	27 1/2	27 1/2	—	14	—	—	—	—	111	110 1/2	110 1/2	111	110 1/2	110 1/2	111	110 1/2	110 1/2	111	110 1/2	110 1/2	111	110 1/2	110 1/2	111	110 1/2	110 1/2
32 1/2	11 1/2	M-K-Tex	4s 62 B	88	14 1/2	13 1/2	13 1/2	—	—	—	—	—	108	107 1/2	107 1/2	108	107 1/2	107 1/2	108	107 1/2	107 1/2	108	107 1/2	107 1/2	108	107 1/2	107 1/2	108	107 1/2	107 1/2	
49	12 1/2	Mo Pac	cv 3 1/2s 49	*+247	272	17	2	—	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	5s 65 A	*+8	142	137	14	+ 1	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
20 1/2	12 1/2	Mo Pac	5s 65 A ct.	*+ 5	138	134	134	+ 1	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	5s 77 F	*+380	144	134	134	+ 1	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	5s 77 F reg.	*+ 22	134	134	134	+ 1	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	5s 77 F ct.	*+ 23	137	134	134	+ 1	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	5s 80 H	*+ 17	132	134	134	+ 1	—	—	—	—	106	97 1/2	97 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	106	105 1/2	105 1/2	
19 1/2	12 1/2	Mo Pac	5s 80 H	*+118	147	14	14	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
20 1/2	12 1/2	Mo Pac	5s 81 I	*+ 11	137	134	134	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	5s 81 I ct.	*+ 1	134	134	134	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
21 1/2	12 1/2	Mo Pac	gen 4s 75	*+346	376	34	34	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
37 1/2	12 1/2	Mo Pac	gen 4s 75	*+ 12	324	32	32	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
58	12 1/2	Mo Pac	O & G	*+31	304	267	267	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
58	12 1/2	Mo Pac	O & G Mail 4s 91	*+ 50	504	502	502	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
110 1/2	103	Mo Pac	W P 4s 60	20	109	106	106	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
110 1/2	98	Mo WPA	Pub 8s 65	27	110	110	110	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
101 1/2	91	Mont Pow	3s 66	63	100	99	99	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
99 1/2	75	Montreal	Tr 5s 41	5	80	80	80	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	101 1/2	101 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	108	105 1/2	105 1/2	
100 1/2	76	Montreal	Tr 5s 41	20	100	97	97	+ 1	—	—	—	—	107	1																	

Bond Transactions—New York Stock Exchange—Continued

Range 1939 High. Low.	Sales in 1000s.	High.	Low.	Last.	Net Chge.	Range 1939 High. Low.	Sales in 1000s.	High.	Low.	Last.	Net Chge.	Range 1939 High. Low.	Sales in 1000s.	High.	Low.	Last.	Net Chge.
86 72% Gt Con El P Jap 7s 44.....	6	85	84½	85	+ 16	105 65 Norway 6s 43.....	30	92½	90	92½	+ 4	115 5% Sao Paulo City 6½s 57.....	19	7½	7½	7½	+ 14
87 55% Gt Con El P Jap 6½s 50.....	20	70½	65½	65½	- 12	103 6½ Norway 6s 55.....	30	73½	73	73	+ 3½	125 5% Sao Paulo State 6s 50.....	23	8	8	8	+ 14
25% 12½ Greek 6s 8s pt pd.....	5	14½	14%	14%	- 1%	103 6½ Norway 6s 63.....	137	73	67½	73	+ 3½	135 5% Sao Paulo State 6s 50.....	23	13	13	13	+ 14
19 5½ HAMBURG ST 6s 46.....	11	11	11	11	+ 16	101 6½ Nuremberg 6s 52.....	151	71	66	71	+ 17	145 5% Sao Paulo State 7s 65.....	26	7½	7½	7½	+ 4½
18 7½ Heidelberg 7½s 50.....	5	8	8	8	+ 20	59 48 ORIENT DEV 6s 53.....	14	56½	56	56½	+ 1	155 5% Sao Paulo State 7s 65.....	71	7½	7½	7½	+ 4½
30 10% Hungary 4½s 7½ ext.....	16	22	21½	22	+ 2½	55 45% Orient Dev 5½s 58.....	14	51	50	51	+ 1½	165 5% Sao Paulo State 7s 65.....	22	20½	20	20	+ 4½
11 6 Hung Munic 7½s 45.....	7	7½	7½	7½	- 16	103 6½ Oslo City 4½s 55.....	23	72	68	72	+ 7½	175 5% Sao Paulo State 7s 65.....	2	16	16	16	+ 2½
11 6 Hung Munic 7s 46.....	3	7½	7½	7½	- 14	53 42½ PANAMA 5s 63 A st and.....	53	71	60½	71	+ 1	185 5% Sao Paulo State 7s 65.....	15	11½	11½	11½	+ 14
113 86 IRISH FREE S 8 5s 60.....	2	90	90	90	- 16	52 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	195 5% Sao Paulo State 7s 65.....	71	7½	7½	7½	+ 4½
75 39% Ital Cr Cons 7s 47 B.....	8	70½	68	68	- 3½	50 48 ORIENT DEV 6s 53.....	14	51	50	51	+ 1½	205 5% Sao Paulo State 7s 65.....	25	20½	20	20	+ 4½
61 30 Ital Pub Util 7s 52.....	24	50½	48½	49½	+ 1½	103 6½ Oslo City 4½s 55.....	23	72	68	72	+ 7½	215 5% Sao Paulo State 7s 65.....	2	16	16	16	+ 2½
76% 45% Italy 7s 51.....	77	69½	69	69	- 16	51 42½ PANAMA 5s 63 A st and.....	53	71	60½	71	+ 1	225 5% Sao Paulo State 7s 65.....	15	11½	11½	11½	+ 14
85½ 64% JAPAN 6½s 54.....	75	80	79½	80	- 16	50 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	235 5% Sao Paulo State 7s 65.....	5	62	62	62	+ 6
65½ 50% Japan 5½s 65.....	69	61½	60½	60½	- 1%	50 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	245 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
17½ 7½ KARS de 43 ct st pr in.....	10	7½	7½	7½	- 16	50 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	255 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
13½ 2½ Kreuger & Toll 5s 59 ct.....	20	3	2½	2½	- 2½	50 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	265 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
23 7 LEIPZIG 7s 47.....	2	13	13	13	+ 3½	50 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	275 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
69 45 Lombard El 7s 52.....	3	69	69	69	+ 2	50 42½ PANAMA 5s 63 A st and.....	53	9	6½	6½	+ 34	285 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
16½ 10 MEDDELL MU 6½s 54.....	2	15½	15½	15½	- 16	107 55 QUEENSLAND 7s 41.....	26	99	96½	98½	+ 2	295 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
102 50% Met Water 5½s 50.....	1	79	79	79	+ 2	107 55 QUEENSLAND 7s 41.....	10	90	90	92	+ 2	305 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
14½ 2½ Mex 6s and 33.....	30	7½	5½	5½	- 16	22 10% RHINE-RUHR W 6s 53.....	1	14½	14½	14½	+ 16	315 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
14½ 5% Mex 5s and 45.....	35	7½	5½	5½	- 16	28 7 Rhine-Westph 6s 52.....	13	13½	13½	13½	+ 16	325 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
14½ 5% Mex 4s and 54.....	33	7½	5½	5½	- 16	28 7 Rhine-Westph 6s 53.....	6	13½	13½	13½	+ 16	335 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
14½ 5% Mex 4s and 45.....	47	7½	7½	7½	- 16	27½ 9% Rhine-Westph 6s 55.....	7	13½	13½	13½	+ 16	345 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
14½ 5% Mex 4s and 54.....	23	10½	10½	10½	- 16	24 7½ Rio de Janeiro 8s 60.....	24	7½	7½	7½	+ 16	355 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
56% 31½ Minas Gera 6½s 52.....	33	51½	48½	51½	+ 4½	24 7½ Rio de Janeiro 8s 60.....	10	7½	6½	6½	+ 16	365 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
30 15% Minas Gera 7s 56.....	1	15	15	15	- 15	15 6½ Forto Aleg 7½s 66.....	16	8½	7½	8½	+ 16	375 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
16 6½ Minas Gera 6½s 58.....	14	8½	7½	7½	+ 5½	15 6½ Forto Aleg 7½s 66.....	10	11½	11½	11½	+ 16	385 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
15 6½ Minas Gera 6½s 59.....	8	8½	7½	7½	+ 5½	15 6½ Forto Aleg 7½s 66.....	11	12	11½	11½	+ 16	395 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
15½ 31½ Montevideo 6s 59.....	3	3½	3½	3½	- 3½	14½ 7½ Prussia 6s 52.....	11	7½	7½	7½	+ 16	405 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
101½ 55 N SOU WALES 5s 57.....	28	75½	75½	75½	+ 4½	14½ 7½ Prussia 6s 52.....	12	60	58½	58½	- 3	415 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
101½ 55 N SOU Wales 6s 58.....	14	80	76	76	+ 5	14½ 7½ Prussia 6s 52.....	1	16½	16½	16½	+ 16	425 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16
101½ 83½ Norway 6s 44.....	25	92	89	92	+ 3½	14½ 6½ SAO PAULO CITY 8s 52.....	26	7½	7½	7½	+ 16	435 5% Sao Paulo State 7s 65.....	5	54	54	54	+ 16

x In Ex interest. *In Certificate. \$Selling flat on account of default.
\$Selling flat for reasons other than default. \$Matured bonds; negotiability impaired pending investigation. *In bankruptcy or receivership assumed by such companies.

Transactions on the New York Curb Exchange

For Week Ended Saturday, Dec. 23

Range 1939 High. Low.	Stock and Dividend in Dollars.	High.	Low.	Last.	Net Sales.	Range 1939 High. Low.	Stock and Dividend in Dollars.	High.	Low.	Last.	Net Sales.	Range 1939 High. Low.	Stock and Dividend in Dollars.	High.	Low.	Last.	Net Sales.
Range 1939 High. Low.	Stock and Dividend in Dollars.	High.	Low.	Last.	Net Sales.	Range 1939 High. Low.	Stock and Dividend in Dollars.	High.	Low.	Last.	Net Sales.	Range 1939 High. Low.	Stock and Dividend in Dollars.	High.	Low.	Last.	Net Sales.
6% 3½ Bourgeois (1g).....	1½	4½	4½	4½	400	7½ 3½ DARDY PET.....	4½	4	4½	4½	600	11½ 7½ FAIRAC AV (20g).....	11½	11½	11½	11½	2,000
3 1½ Bowm-Bilt H.....	½	½	½	½	400	10½ 3½ Dayton Rubber (1½g).....	7½	7½	7½	7½	1,000	12½ 7½ Farny Far (1½g).....	22½	22½	22½	22½	1,000
2½ 5½ Bowm-Bilt H 1 pf.....	½	½	½	½	400	10½ 3½ Dayton Rubber (1½g).....	½	½	½	½	400	13½ 7½ Farny Far (1½g).....	23½	23½	23½	23½	1,000
5½ 10½ Braz Tr & P.....	1½	1½	1½	1½	4,700	12½ 7½ Decca Records (.60g).....	28	28	28	28	200	14½ 7½ Decca Records (.60g).....	28	28	28	28	200
11½ 12½ Braz Tr & P.....	1½	1½	1½	1½	4,700	14½ 7½ Derby Oil.....	1½	1½	1½	1½	200	16½ 7½ Det Gas & Mfg (3½g).....	10½	10½	10½	10½	200
19 1½ Air Inv war.....	1½	1½	1½	1½	300	16½ 7½ Det Gas & Mfg (3½g).....	10½	10½	10½	10½	200	18½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
20½ 6½ Alfa Gt Son (8g).....	7½	7½	7½	7½	25	20 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200	20½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
61½ 6½ Alfa Gt Son (8g).....	7½	7½	7½	7½	25	22 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200	22½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
71½ 7½ Alfa Pow 57 pf (7).....	100½	100	100	100	90	24 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200	24½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
91½ 6½ Alfa Pow 26 pf (6).....	91	90	91	91	60	26 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200	26½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
11½ 1½ Alfa & Fisher.....	2½	2½	2½	2½	300	28 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200	28½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
12½ 1½ Alfa & Fisher.....	2½	2½	2½	2½	300	30 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200	30½ 7½ Det Gas & Mfg (1½g).....	10½	10½	10½	10½	200
13½ 1½ Alfa & Fisher.....	2½	2½	2½	2½	300	32 7½ Det Gas & Mfg (1½g).....											

Transactions on the New York Curb Exchange—Continued

Range 1939 Stock and Dividend in Dollars.										Range 1939 Stock and Dividend in Dollars.											
High.	Low.	Last.	Chge.	Sales.	High.	Low.	Last.	Chge.	Sales.	High.	Low.	Last.	Chge.	Sales.	High.	Low.	Last.	Chge.	Sales.		
2%	1%	Hartford Ray vtc.	+ 1%	100	1%	1%	- 1%	200	3%	New-Cali El.	1	1	1	- 2%	100	29%	27	So Cal Ed B pf (11%)	29%	29%	29%
4%	3%	Hartman Tob.	+ 1%	100	1%	1%	- 1%	200	1%	New Eng P Asse.	13%	13%	13%	- 2%	225	29%	23	Sol Cal Ed C pf (1%) xd.	29%	28%	28%
1%	1%	Harv'd Brew. (05g.)	+ 1%	300	1%	1%	- 1%	100	1%	New E T & T (6%)	12%	12%	12%	+ 1%	50	24%	11%	So Col Pow A.	1%	1%	1%
2%	2%	Hearst Dept Strs.	+ 1%	700	2%	2%	- 1%	400	1%	N H Clock	51%	51%	51%	- 1%	200	24%	14%	Sou Unio Gas.	2%	2%	2%
11%	11%	Hearn D Strs pf.	+ 1%	400	1%	1%	- 1%	700	1%	New Idea. (60a)	12%	12%	12%	- 1%	300	6%	5%	Spalding Roy. (30g.)	5%	5%	5%
9%	5%	Hecla Min. (35g.)	+ 1%	3,500	6%	6%	+ 1%	1,300	6%	N J Zinc (2a)	63%	62%	63%	+ 1%	1,200	4%	4%	Spalding 1st pf.	2%	2%	2%
5%	3%	Helema Rubin. (1g.)	+ 1%	100	5%	5%	- 1%	100	1%	Ne Mex & Ariz Ld.	1	1	1	- 1%	1,300	3%	3%	Span & Gen reg.	1%	1%	1%
6%	6%	Heller (W. E.) (40a.)	+ 1%	100	8%	8%	+ 1%	100	8%	Newmownt M. (31g.)	70%	70%	70%	- 1%	100	3%	2%	Spencer Shoe.	2%	1%	1%
1%	1%	Hemis. Mu. (1g.)	+ 1%	100	1%	1%	- 1%	200	1%	N Y Air B. (40g.) xd.	26%	26%	26%	- 1%	50	1%	1%	Stahl-Meyer	1%	1%	1%
30%	30%	Heyden Chem. (1,60g.)	+ 1%	1,100	6%	6%	+ 1%	1,100	1%	N Y Shipd. fd. sh.	12%	12%	12%	- 1%	100	1%	1%	Stand Pow & Lt.	13%	13%	13%
43%	43%	Hires A. (2a.)	+ 1%	100	4%	4%	- 1%	400	4%	N Y Transit. (40g.)	52%	52%	52%	- 1%	200	2%	1%	Stand Pow & Lt B.	18%	18%	18%
1%	1%	Hoe (R) & Co. A.	+ 1%	100	8%	8%	- 1%	100	4%	N Y Wat Svc pf.	22%	22%	22%	- 1%	260	1%	1%	Stand Prod. (40g.)	1%	1%	1%
9%	9%	Hollings Gold. (85g.)	+ 1%	1,000	11%	11%	+ 1%	1,000	24%	Ning Huo Pow.	64%	55%	54%	- 1%	19,200	14%	14%	Stand Stand Oli Ky. (ia.)	18%	18%	18%
9%	9%	Holophane. (14g.)	+ 1%	100	13%	13%	- 1%	100	5%	Ning Huo pf (5)	85%	84%	85%	+ 1%	325	2%	1%	Stand Oli Ohio (ia.)	21%	21%	21%
31%	31%	Horn & Hard. (2.)	+ 1%	550	77%	77%	- 1%	550	1%	Ning Huo pf (5)	74%	74%	74%	+ 2%	20	107%	102%	Stand Oil Oh pf (5)	107%	107%	107%
14%	14%	Hubbell (H.) (2,20g.)	+ 1%	150	6%	6%	- 1%	82	65%	Ning Huo pf (5)	74%	74%	74%	+ 2%	6,300	1%	1%	Stand Pow & Lt.	1%	1%	1%
73%	73%	Hum-R E. (20g.)	+ 1%	2,000	6%	6%	- 1%	2,000	3%	Ning Huo war.	5%	5%	5%	- 1%	300	1%	1%	Stand Pow & Lt B.	1%	1%	1%
56%	56%	Hussenmann-Lig. (1)	+ 1%	100	11%	11%	- 1%	100	6%	Niag Sh M B. (kg.)	45%	45%	45%	+ 1%	100	3%	2%	Stand Prod. (40g.)	25%	25%	25%
1%	1%	Huyler's Del.	+ 1%	1,000	7%	7%	- 1%	50	9%	Nineteen H B. (1%)	88%	88%	88%	- 1%	100	45%	45%	Stand Stand S pf (1,60)	9%	9%	9%
9%	9%	Huyler's pf st.	+ 1%	1,000	11%	11%	- 1%	1,000	1%	Nippig's M. (15g.)	14%	14%	14%	- 1%	700	2%	1%	Stand Stand Tube B.	1%	1%	1%
34%	34%	Hygrade Fd.	+ 1%	1,200	2%	2%	- 1%	1,200	5%	Nomis Elec. (30g.)	4%	4%	4%	- 1%	200	4%	4%	Stand Stand Corp vtc.	1%	1%	1%
31%	31%	Hygrade Sylv. (2g.)	+ 1%	50	28%	28%	- 1%	50	1%	Nomis Li & Pow.	1	1	1	- 1%	1,200	14%	14%	Stand Stand Oli Ohio (ia.)	28%	28%	28%
14%	14%	I.I.L. Iowa Power.	+ 1%	1,000	14%	14%	- 1%	1,000	2%	Nomis Li & Pow.	74%	74%	74%	+ 2%	100	14%	14%	Stand Stand Oli Oh pf (5)	107%	107%	107%
1%	1%	I.I.L. Iowa Power div ct.	+ 1%	1,000	1%	1%	- 1%	1,000	2%	Nomis Li & Pow.	74%	74%	74%	+ 2%	6,300	1%	1%	Stand Stand Pow & Lt.	1%	1%	1%
14%	14%	I.I.L. Iowa Power pf.	+ 1%	600	23%	23%	- 1%	600	1%	Nomis Li & Pow.	27%	27%	27%	- 1%	100	1%	1%	Stand Stand Pow & Lt B.	1%	1%	1%
11%	11%	Imp Oil Ltd. (5g.)	+ 1%	6,300	11%	11%	- 1%	6,300	1%	Nor Am R. B. (2g.)	10%	10%	10%	- 1%	100	1%	1%	Stand Stand Prod. (40g.)	25%	25%	25%
16%	16%	Imp Oil Ltd reg. (1g.)	+ 1%	300	11%	11%	- 1%	300	1%	Nor Am R. B. (2g.)	49%	49%	49%	- 1%	100	1%	1%	Stand Stand Prod. (40g.)	30%	30%	30%
16%	16%	Imp Top Can. (40g.)	+ 1%	200	11%	11%	- 1%	200	1%	Nor Am Ut See.	10%	10%	10%	- 1%	100	1%	1%	Stand Stand Prod. (40g.)	14%	14%	14%
2%	2%	Ind Tech Iii B.	+ 1%	200	11%	11%	- 1%	200	1%	N Ind F S 6% pf (6k)	102%	100%	100%	- 1%	90	13%	13%	Stand Stand Prod. (40g.)	10%	10%	10%
5%	5%	Ind Pipe Line. (1g.)	+ 1%	1,000	6%	6%	- 1%	1,000	1%	N Ind F S 7% pf (7k)	103%	107%	107%	- 1%	90	13%	13%	Stand Stand Prod. (40g.)	10%	10%	10%
12%	12%	Ind Service 3% pf.	+ 1%	100	10%	10%	- 1%	100	1%	Nor Fl Pipe L. (30g.)	6%	6%	6%	- 1%	300	1%	1%	Stand Stand Prod. (40g.)	10%	10%	10%
12%	12%	Ind Service 3% pf.	+ 1%	100	9%	9%	- 1%	100	1%	Nor Fl Pipe L. (30g.)	18%	17%	17%	- 1%	200	1%	1%	Stand Stand Prod. (40g.)	10%	10%	10%
112%	100%	Indapolis F & L pf (6%).	+ 1%	200	9%	9%	- 1%	200	1%	Nova del-Ag. (2a.)	36%	35%	36%	+ 1%	400	1%	1%	Stand Stand Prod. (40g.)	35%	34%	35%
12%	8%	Indus Finance pf.	+ 1%	200	9%	9%	- 1%	200	1%	Nov Am & Li & Pow.	8%	8%	8%	- 1%	200	1%	1%	Stand Stand Prod. (40g.)	11%	11%	11%
73%	73%	Ins Co N Am. (2a.)	+ 1%	1,300	26%	26%	- 1%	1,300	1%	Ohio Br. B. (1g.)	21%	20%	21%	- 1%	225	1%	1%	TAGGART	6%	5%	5%
24%	24%	Int Cigar Mach. (2)	+ 1%	500	103%	97%	- 1%	500	1%	Ohio Ed pf (6%)	106%	105%	106%	+ 1%	275	1%	1%	Tampa El. (2.24)	35%	35%	35%
12%	12%	Int Hydro-EI pf.	+ 1%	400	13%	13%	- 1%	400	1%	Ohio Oil pf (6%)	99%	99%	99%	- 1%	100	1%	1%	Tastyest A.	1%	1%	1%
1%	1%	Int Indust. (10g.)	+ 1%	5,600	11%	11%	- 1%	5,600	1%	Ohio Pow pf (6%)	115%	115%	115%	- 1%	100	1%	1%	Taylor Co Dist.	1%	1%	1%
27%	27%	Intermet Pet. (1g.)	+ 1%	1,000	11%	11%	- 1%	1,000	1%	Ohio P S 6% pf (6%)	106%	106%	106%	+ 1%	25	1%	1%	Titanic Gas Co.	1%	1%	1%
27%	27%	Intermet Pet reg. (1g.a.)	+ 1%	100	17%	17%	- 1%	100	1%	Ohio P S 6% pf (6%)	113%	112%	112%	- 1%	100	1%	1%	Titanic Gas Co.	1%	1%	1%
6%	6%	Intermet Prod.	+ 1%	300	49%	49%	- 1%	300	1%	Ohio P S 6% pf (6%)	46%	46%	46%	+ 1%	50	1%	1%	Titanic Gas Co.	1%	1%	1%
10%	10%	Intermet Safety Razors.	+ 1%	200	111	106	- 5%	200	1%	Oklahoma Gas Gas pf (3%)	111%	110%	111%	- 1%	200	1%	1%	Titanic Gas Co.	1%	1%	1%
10%	10%	Intermet Util A.	+ 1%	3,400	10%	10%	- 1%	3,400	1%	Oklahoma Gas cv pf (3%)	111%	110%	111%	- 1%	200	1%	1%	Titanic Gas Co.	1%	1%	1%
39%	39%	Intermet Util B.	+ 1%	3,400	10%	10%	- 1%	3,400	1%	Omar Inc (1g.g.)	8%	8%	8%	- 1%	200	1%	1%	Titanic Gas Co.	1%	1%	1%
10%	10%	Interstate Bldg. (3g.)	+ 1%	1,000	32%	32%	- 1%	1,000	1%	PAC CAN (1g.)	13%	12%	12%	- 1%	300	1%	1%	TAGGART	6%	5%	5%
10%	10%	Interstate Glass.	+ 1%	700	11%	11%	- 1%	700	1%	PAC G & E 6% pf (11%)	30%	30%	30%	- 1%	300	1%	1%	Tasteavest A.	35%	35%	35%
107%	86%	Jersey Cent P & L 7 pf (7)	+ 1%	100	104%	104%	- 1%	100	1%	PAC G & E 5% pf (1%)	30%	30%	30%	- 1%	100	1%	1%	Taylor Co Dist.	1%	1%	1%
48%	48%	Jones & Laughlin Steel.	+ 1%	1,100	3%	3%	- 1%	1,100	1%	Parker Pen (1.)	12%	12%	12%	- 1%	100	1%	1%	Titanic Gas Co.	1%	1%	1%
118%	112%	KANSAS G. & E pf (7).	+ 1%	1,100	117%	117%	+ 2%	1,100	1%	Parkersburg (1g.)	12%	12%	12%	- 1%	100	1%	1%	Titanic Gas Co.	1%	1%	1%
6%	6%	Kennedy's 70g.	+ 1%	1,000	114%	114%	+ 1%	1,000	1%	Patterson Gold. (1g.)	11%	11%	11%	- 1%	100	1%	1%	Titanic Gas Co.	1%	1%	1%
90%	90%	Kentucky pf (D) (5)	+ 1%	600	56%	56%	- 1%	600	1%	Pawt. New (1g.)	166%	165%	165%	- 1%	100	1%	1%	Titanic Gas Co.	1%	1%	1%
70%	38%	Kings Brew																			

Transactions on the New York Curb Exchange—Continued

Range 1939 High. Low.	Sales in 1000s.	Net High. Low. Last. Chge.	Range 1939 High. Low.	Sales in 1000s.	Net High. Low. Last. Chge.	Range 1939 High. Low.	Sales in 1000s.	Net High. Low. Last. Chge.
47½ 25½ As G & E 5s 68.	47	28 26 28% -	108 98 KAN EL POW 3½s 66.	1064 1064 1064 1064 + 3/4	111% 102% So Cal Ed 3½s 60.	37 37 109% 108% 108% + %		
45½ 23 As G & E 4½s 48.	21	25 25 25 + 1	126% 114 Kan G & E 6s 2022 A.	126 122 126 + 1%	6 105½ 105½ 105½ 105½ - 1/4			
47 21% As G & E 4½s 49.	73	24 22% 23 - 1/2	107 100 Ky Util 5s 48 D.	6 105% 105% 105% + 1/4	57 57 104% 101 101 104% + 3/4			
83 67 As T & E 5½s 55 A.	16	70½ 68 68 - 1	102½ 88 Ky Util 5s 68 L.	12 102% 102% 102% - 1/4	104% 104% 104% 104% - 1/4			
100% 97 Atlan City El 3½s 64.	23	106½ 106 106 + 1/4	104 99 Ky Util 5s 61 H.	35 103% 103% 103% ..	59 47% Spalding 5s 89.			
102 88 Avery & Sons 5s 47 w.	2	96 95 96 + 2			15 50 49% 49% + %			
139 82 BALDW L 6s 50.	59	117½ 115½ 116 -	108% 98 LK SUP D F 3½s 66 A.	1 106½ 106½ 106½ + 1/4	13 66% 65½ 66% + 1/4			
126 101% Bell T Can 5s 57 B.	37	114½ 113% 114% +	104 95 Tex Util 5s 52.	5 103% 103% 103% ..	14 66% 65½ 66% + 1/4			
130½ 101% Bell T Can 5s 60 C.	1	115½ 115½ 115% +	105 102½ Lib McN & L 5s 42.	14 102% 102% 102% ..	14 66% 65½ 65% + 1/4			
100% 86 Birm El 4½s 68.	90	97 95% 96% + 1	104½ 91 Long Isl Ls 6s 45.	24 104% 103% 103% - 1/4	34 66% 65½ 66% + 1/4			
97½ 69% Birming Gas 5s 59.	33	94½ 94% 94% + 1/4	107½ 102% Lou & L 5s 57.	26 107% 106% 107% + 1/4	25 66½ 66% 66% + 1/4			
102 81 Broad Riv P 5s 54.	6	101 101 101 + 1			73½ 53% Stand G & E 48 st.			
105% 89 CAN NOR S 5s 63.	39	97½ 96 96 + 1/4	105½ 96½ MARION RS P 4½s 52.	5 104% 104% 104% ..	74½ 54% Stand G & E 48 cv st.			
75½ 75½ Can Pac 6s 42.	49	78 77½ 77% - 1	75½ 45 McCord B 6s 48 st.	2 72 71 71 - 1	74½ 55% Stand G & E 48 st.			
107½ 96% Caro F & L 5s 56.	16	106½ 106 106 + %	91½ 82 Mengel Co 4½s 47.	1 88 88 88 + 1	75½ 54% Stand G & E 48 cv.			
99% 81 Cen Pow 55 57 D.	34	99% 98 98% +	110 102 Metro Ed 4s 71.	1 106½ 106½ 106½ - 1/4	76½ 54% Stand G & E 48 cv.			
46½ 32 Cen St El 5½s 54.	41	38½ 37 38 - 1	110½ 104 Metro Ed 4s 63 G.	14 110½ 110½ 110% ..	77½ 53% Stand G & E 48 cv.			
46 35 Cen St El 5½s 48.	20	37 36½ 36½ - 1/4	73½ 58½ Midland Val 5s 43.	20 72 72 72 ..	78½ 53% Stand G & E 48 cv.			
104% 94% Cen St El 5½s 53.	16	101 101 101 + 1/4	100% 93½ Mid St Pet 6½s 45 A.	1 106½ 106½ 106½ - 1/4	79½ 53% Stand G & E 48 cv.			
100% 94% Cen St El 5½s 53.	1	101 101 101 + 1/4	101½ 91½ Mid St Pet 6½s 45 A.	24 101% 100% 101% + 1/4	80 11 54% 54% + 1/4			
104½ 100% Chi J Ry & S Y 5s 40.	5	101 101 101 + 1/4	102½ 90½ Minn St Pet 6½s 45 A.	50 102% 101% 102% - 1/4	81 118% 118% 118% + 1/4			
56½ 44½ Chi Ry 5s 27 cl.	36	46½ 45 45 -	103½ 88½ Minn St Pet 6½s 57.	13 103% 103% 103% + 1/4	82 85% 84% 84% + 1/4			
88% 72½ Chi St Ry 5s 55 B.	8	85 85 85 - 1	102½ 82½ Miss Pow 5s 55.	18 102% 102% 102% + 1/4	83 108½ 107% 107% + 1/4			
78 67½ Cities Ser 5s 69.	131	78 72½ 75 + 2	111% 107½ Miss Riv Pow 5s 51.	31 110½ 110½ 110% ..	84 118% 117% 117% + 1/4			
84 71½ Cities Ser 5s 66.	15	80½ 75 75 - 1	96½ 94½ Mo Pub Sys 60.	49 96% 94% 94% + 2	85 80% 80% 80% + 1/4			
78½ 66 Cities Ser 5s 58.	118	78½ 73 75 + 2			101 81½ Unit F&L 6s 2022 A.			
78½ 66 Cities Ser 5s 58.	61	61 61 61 + 1	99% 77 NASSAU & SUF 5s 45.	22 99% 98% 99% + 1/4	3 100% 100% 100% + 1/4			
78½ 66 Cities Ser 5s 49.	41	93½ 92 92 + 1/4	110½ 101½ Nat F&L 6s 2026 B.	16 113% 113% 113% ..				
93½ 72½ City S P & L 5½s 49.	30	80½ 79 79 + 1/4	107½ 92½ Nat F&L 6s 2030 B.	44 107% 106% 106% + 1/4				
93½ 72½ City S Pow 5½s 52.	37	93½ 92 92 + 1/4	38 24 Nat Pub S 5s 78 ct.	3 24% 24 24 -				
93½ 74½ Community P & L 5s 57.	103	93½ 91 91 + 2/4	125 114½ Park Lex Lash 3s 62.	6 124% 124% 124% ..				
113 101% Con G E L Bait 3½s 71.	1	109½ 109½ 109% - 1/4	111½ 107½ Nebr Pow 4½s 81.	31 109% 108% 108% - 1/4				
106 98 Con G E L Bait 3s 69.	23	108 107½ 107% + 1/4	98½ 97½ Nevada Cal 5s 56.	5 106½ 106½ 106% + 1/4				
131 120 Con G E L Bait 4½s 54.	6	127 125 127 -	123½ 114 New Amer G 5s 48.	3 121% 119% 119% + 1/4				
77 55½ Con Gas Util 6s 43 at.	21	74½ 74 74 + 1/4	109½ 108½ New Amer G 5s 48.	6 69% 68% 68% + 1/4				
93% 65½ Con G E L Bait 5s 58.	1	61½ 60 61½ + 1/4	73½ 55½ N Eng G&E 5s 48.	6 69% 68% 68% + 1/4				
97 69½ Cuban Tobacco 5s 44.	3	61½ 60 61½ + 1/4	100½ 90 N Eng Pow 5s 54.	34 69% 68% 68% + 1/4				
97 69½ Cuban Tobacco 5s 44.	93	96 93 96 + 2	99½ 87½ N Eng Pow 5s 48.	99 98% 98% 98% + 1/4				
107½ 102½ DEL EL POWER 5½s 59.	5	106 105% 106% + 1/4	104½ 90½ N Eng Pow 5s 49 A.	8 103% 102% 103% + 1/4				
10 41½ Detroit Int Bridge 6½s 52.	16	6 5½ 6 -	102½ 90½ N Eng Pow 5s 49 A.	2 102% 102% 102% + 1/4				
1½ 9½ Detroit Int Bridge 7s 52.	30	3% 11 - 1/4	105½ 97½ N Eng Pow 5s 49 A.	70 105% 104% 104% + 1/4				
9½ 4½ Detroit Int Bridge 6½s 52 ct.	15	6 5½ 5% -	105½ 97½ N Eng Pow 5s 49 A.	43 105% 104% 104% + 1/4				
82½ 53½ EAST G & E 4s 56 A.	141	78½ 77 78½ - 1/4	102½ 94½ N Eng Pow 5s 56.	13 102% 102% 102% + 1/4				
112½ 102½ Edison Elec Illum 3½s 65.	16	111 110½ 111 + 1/4	104½ 92½ N Eng Pow 5s 56.	13 102% 102% 102% + 1/4				
105½ 100½ El Paso 5s 50 A.	4	105½ 105½ 105% + 1/4	104½ 90½ N Eng Pow 5s 56.	11 48% 47% 47% - 1				
81½ 66½ Electric P & L 5s 2030.	111	81½ 81½ 81½ + 2/4	105½ 97½ N Eng Pow 5s 56.	5 107% 106% 106% + 1/4				
119 107½ Elmira Water L 5s 56.	1	118½ 118½ 118% ..	106½ 100½ N Eng Pow 5s 56.	8 105% 104% 104% + 1/4				
104½ 98% Empire Dist E 5s 32.	13	104½ 104% 104% - 1/4	107½ 101½ N Eng Pow 5s 66 C.	15 105½ 105½ 105% + 1/4				
109½ 106% Erie Lighting 5s 67.	10	109½ 109½ 109% + 1/4	105½ 97½ N Eng Pow 5s 67.	7 105% 105% 105% + 1/4				
98 81 FED WATER 5½s 54.	68	98 98 98 + 2/4	111½ 104 OGDEN GAS 5s 45.	6 111% 110% 110% ..				
104½ 92 Fls P & L 5s 66 C.	59	104½ 103½ 103% - 1/4	109½ 108½ Ohio Pow 3½s 68.	22 108 107½ 108% + 1/4				
99 89% Fls Power 4s 66 C.	39	98½ 98% 98% - 1/4	110½ 109½ Ohio Pub Svc 4s 62.	17 109½ 108% 109% ..				
101 95 GARY E & G 5s 44 st.	19	101 100% 100% + 1/4	107½ 103½ Okla Nat G 3½s 55.	11 107% 107% 107% ..				
75½ 75½ Gen Bus 40.	6	81½ 80 80 - 1/4	104½ 91½ Okla Nat G 3½s 55.	1 103 103 103 - 1/4				
101 95 Gen Public Serv 5s 53.	29	96½ 95% 95% + 1/4	114 108 PAC G & E 41 B.	1 110% 109% 109% + 1/4				
98½ 97½ Gen Public Serv 6½s 56.	29	98½ 97% 97% - 1/4	96 88 Pac Inv 5s 48 A.	12 94% 92 92 - 1/4				
97 87 Gen Water Works 5s 43 A.	21	96½ 95% 95% + 1/4	95½ 76 Pac F & L 5s 55.	111 94% 94% 94% - 1/4				
107 95½ Geo Power 5s 67.	52	107 106½ 106½ + 1/4	44½ 32 Park Lex Lash 3s 64.	1 43% 43% 43% + 1/4				
74½ 58 Ge P & L 5s 78.	16	69 68 68 + 1/4	103½ 91 Fen Cen P & L 5s 77.	55 103% 102% 103% + 1/4				
72½ 64½ Gen Alden Coal 4s.	86	70½ 69½ 69½ + 1/4	105½ 95 Fen Cen P & L 5s 79.	5 104% 104% 104% + 1/4				
72 59 Gobel 4½s 41 A.	38	71½ 71½ 71½ - 1/4	108½ 98 Fen Cen P & L 5s 80.	108 107% 107% 107% + 1/4				
91 62 Gobel & Frank 5s 50.	12	16½ 16½ 16½ + 1/4	108½ 98 Fen Cen P & L 5s 80.	24 107% 107% 107% + 1/4				
62 47 Groc St Prod 4s 45.	1	61½ 61½ 61½ + 1/4	108½ 98 Fen Cen P & L 5s 80.	1 108% 108% 108% + 1/4				
50 36 Guar Inv 5s 63.	4	42½ 42 42 + 1/4	108½ 98 Fen Cen P & L 5s 80.	6 108% 107% 107% + 1/4				
102½ 94½ HELLER W & C 4s 46.	12	102½ 102½ 102½ + 1/4	108½ 98 Fen Cen P & L 5s 80.	2 107 107 107 ..				
65½ 59 Hygrade Fd 6s 49 A.	2	68 66½ 66 + 1/4	100% 97½ Gen Gas & L 81 B.	34 83% 91 95% - 1/4				
66 60 Hygrade Fd 6s 49 B.	3	66 66 66 + 1	100½ 97½ Gen Gas & L 81 B.	6 100% 99% 99% + 1/4				
103½ 101½ IDAHO POWER 5s 67.	4	108½ 107½ 107½ + 1/4	15½ 109½ Phila P & L 5½s 72.	6 114 112½ 112½ + 1/4				
103½ 92½ III Power & Light 5s 56 C.	108½ 107½ 107½ + 1/4	100½ 95½ Pitts Coal Co 6s 49.	5 105 105 105 + 1/4					
101 85½ III Power & Light 5½s 57.	66	101 99½ 100 + 1/4	84½ 64 Portland G & C 5s 40.	89 83% 81½ 83% + 1/4				
106½ 99½ III P & L 5s 53.	46	106 105½ 106 + 1/4	109½ 105½ Potomac Ed 5s 56 E.	13 108% 108% 108% - 1/4				
105 95½ III P & L 5½s 54 B.	38	105 104½ 104% + 1/4	111 107½ Potomac Ed 4½s 61 F.	7 111 110 110 - 1/4				
99½ 96% Ind Hyd 5s 55 B.	8	99½ 99% 99% + 1/4	103½ 77½ Pow Cor Pow 4½s 59 B.	3 88 87 87 + 1/4				
75½ 50½ Ind Sve 5s 69.	39	70½ 69½ 69½ - 1/4	107½ 107½ Pow Cor Pow 4½s 59 B.	3 88 87 87 + 1/4				
74 49 Ind Sve 5s 63.	34	68½ 68½ 68½ + 1/4	99½ 75½ Pow S & P & L 5½s 49.	253 99% 98½ 98½ + 1/4				
59½ 50½ Indrapur Gas 5s 62.	13	57 56½ 56½ + 1/4	97½ 72½ Pow S & P & L 5½s 50 D.	107 93 92 92 + 1/4				
110 99½ Indrapur F & L 3½s 68.	10	108½ 108½ 108½ + 1/4	93½ 70½ Pow S & P & L 5½s 50 D.	107 93 92 92 + 1/4				
54 31 Int P See 7s 57 E.	17	50½ 48 50 + 1/4	94½ 63½ QUEENS B O 5½s 52.	1 95% 94% 95% + 1/4				
55½ 31 Int P See 7s 52 F.	13	45 43 45 + 1/4						
52½ 30 Int P See 6½s 55 C.	6	41 40% 41 + 1	111½ 106 SAH HAR W 4½s 79.	13 110 109				

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maximum of 6 per cent by 1949 will be
sufficient to cover current outgo under
the new plan until about 1955. After that,
the outgo is estimated to exceed 6 per
cent of payroll. How high is the figure
ultimately likely to go with the lapse of
time?

It will be recalled that when the social
security legislation was enacted in 1935,
the estimate of cost by 1980 of the old-
age benefits was 9.35 per cent of the pay-
rolls of those then working in covered
employment. This was to be met by the
payroll tax of 6 per cent supplemented by
interest on a huge reserve fund—interest
which would have to be raised by some
form of taxation, as yet unspecified. After
the act had been passed there was opportunity
for unhurried review of the basic
data which had been gotten together on
short notice. New assumptions as to aver-
age wages, average age of retirement,
mortality rates and initial coverage were
arrived at and when they were substi-
tuted in the estimates of possible cost of
the old benefits, the original 9.35 per cent
was raised to the disturbing figure of
14.65 per cent. Although estimates of this
kind at best are no more than informed
guesses as to what may possibly occur in
the distant future, they do indicate trends
that should be carefully heeded.

The Future Cost

In the light of these figures great interest
attaches to the estimates of future
cost under the revised program with its
altered old-age and new survivor's benefits.
Official estimates have not been
given out by the Social Security Board,
but enough figures have been released to
justify the conclusion that the 1980 level
of cost is likely to be considerably below
14.65 per cent. In fact it would not be
unreasonable to replace that figure by one
lying between 10 and 11 per cent of pay-
rolls. This reduction, brought about by the
changes in the old-age benefits payable
in the later years to individuals, is
of great importance. It will be hard
enough to have to meet benefits which

may possibly cost, say 10% per cent of
payrolls. To have had to meet another 4
per cent would have been to court disaster.

We come now to another interesting
question. What should be the attitude of
the institution of life insurance toward the
old-age security program as a whole?
Here and there we find individuals who
fear that it may prove to be an encroachment
upon the legitimate field of private
enterprise. However, the general opinion
is that the social security benefits will ex-
tend primarily to the low income earning
groups who would not be able to make vol-
untary provision against the contingencies
covered by the plan. In the case of those
with larger incomes included in the sys-
tem, life insurance will still be necessary
to provide for the contingencies which
quite properly should not be covered by
social insurance. In fact many included
in this social security system will find the
cost of a program of relatively complete
family protection more nearly within their
reach in view of the start on the program
provided by the social security benefits.

The attention that will be focused upon
monthly incomes will lead many policy-
holders to think of life insurance in terms
of what it will provide each month to their
families and themselves and that in turn
will lead to a realization of the need for
more adequate protection. For those not
included in the Federal plan, the talk
about social security will be a stimulus
to provide increased family and old-age
protection through the use of life insur-
ance.

Proper Function of Social Insurance

In considering the subject of social in-
surance it should be kept constantly in
mind that its proper function is to provide
merely a basic minimum of protection and
not to remove the need for making more
adequate provision through individual
thrift and initiative. The Social Security
Board in a report issued in January of this
year in connection with the proposed
changes in the act correctly states the po-
sition when it says "It is impossible under
any social insurance system to provide
ideal security for every individual. The
practical objective is to pay benefits that
provide a minimum degree of social se-

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aware of the importance of keeping
abreast of the thinking of the public in
regard to its affairs. Each individual
company has continual contact with the
public and its policyholders through its
agency force and home office staff both
in person and by mail. Through these
channels and through others which may
appropriately be developed by cooperative
action we can promote sound understand-
ing of life insurance and at the same time
obtain a full perspective of what will best
serve the policyholders and public.

Today in a world that sadly needs sta-
bility the institution of life insurance stands
out as a powerful stabilizing influence,
"as the shadow of a great rock in a
weary land." It represents individual
enterprise mobilized to provide security
for the average man or woman throughout
the length and breadth of this great
country of ours. To insure that the in-
stitution shall continue to perform this in-
valuable service we must give attention
to a number of things above and beyond
our daily administrative tasks. As we
have seen, it is of the utmost importance
that this nation remain at peace so that
it may contribute to the building of a
better and more stable world; that the
fiscal affairs of the government be placed
upon a sound basis; that the present ef-
fective supervision of insurance by the
States be continued without the threat of
Federal control; and finally, that social
insurance measures be limited to their
proper sphere.

Recent Publications

AMERICAN TEL & TEL, by Horace Coon.
(Longmans, Green, \$3.) An account of
how the vast communications system
became what the author calls "an artifi-
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A. T. & T.: THE STORY OF INDUSTRIAL
CONQUEST, by N. R. Danielian. (Van-
guard, \$3.75.) A history of the world's
biggest business.

THE INVISIBLE TARIFF, by Percy W. Bid-
well. (Council on Foreign Relations,
\$2.50.) A study of the United States
tariff system.

THE STORY OF THE POLITICAL PHILOSO-
PHERS, by George Gatlin. (Whittlesey
House, \$5.) From Plato and Aristotle
to Mussolini and Hitler, a survey of the
development of political thought.

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